



**Financial Statements
(Together with Independent Auditors' Report)
Years Ended September 30, 2019 and 2018**

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

BIDEAWEE, INC.

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Bideawee, Inc.

We have audited the accompanying financial statements of Bideawee, Inc., ("Bideawee") which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the 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 Bideawee as of September 30, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 2P to the financial statements, during the year ended September 30, 2019, Bideawee adopted Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Marks Paneth LLP

New York, NY
May 1, 2020

BIDEAWEE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents (Notes 2B and 11A)	\$ 1,048,436	\$ 2,966,836
Bequests, legacies and other receivables, net (Notes 2C and 4)	1,060,446	1,266,919
Inventory (Note 2D)	140,443	171,602
Investments (Notes 2E, 2F, 5 and 10)	17,734,536	16,403,721
Prepaid expenses and other assets	144,565	153,412
Property and equipment, net (Notes 2H and 6)	6,021,260	6,141,395
Beneficial interest in trusts (Notes 2M, 9 and 10)	1,017,920	914,793
TOTAL ASSETS	\$ 27,167,606	\$ 28,018,678
LIABILITIES		
Accounts payable, accrued expenses and other liabilities	\$ 668,975	\$ 445,898
Capital lease obligations payable (Note 7)	10,807	2,448
TOTAL LIABILITIES	679,782	448,346
COMMITMENTS AND CONTINGENCIES (Notes 7 and 12)		
NET ASSETS (Notes 2J and 9)		
Without Donor Restrictions		
Available for operations	7,273,063	8,672,328
Net investment in property and equipment	6,010,453	6,138,947
Total without donor restrictions	13,283,516	14,811,275
With Donor Restrictions (Note 9)	13,204,308	12,759,057
TOTAL NET ASSETS	26,487,824	27,570,332
TOTAL LIABILITIES AND NET ASSETS	\$ 27,167,606	\$ 28,018,678

BIDEAWEE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	For the Year Ended September 30, 2019			For the Year Ended September 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total 2019	Without Donor Restrictions	With Donor Restrictions	Total 2018
REVENUES, GAINS AND OTHER SUPPORT:						
Special events revenue	\$ 736,720	\$ -	\$ 736,720	\$ 700,835	\$ -	\$ 700,835
Less: costs of direct benefits to donors	(111,148)	-	(111,148)	(103,892)	-	(103,892)
Special events, net	625,572	-	625,572	596,943	-	596,943
Bequests and legacies (Notes 2C and 11B)	3,784,586	-	3,784,586	5,925,988	-	5,925,988
Contributions (Note 2C and 9)	1,577,373	337,480	1,914,853	1,502,910	466,430	1,969,340
In-kind contributions (Note 2C)	105,338	-	105,338	105,385	-	105,385
Adoption Centers, Animal Hospitals, Loving Legacy and other fees (Note 2L)	1,209,851	-	1,209,851	1,354,824	-	1,354,824
Cemetery maintenance fees (Note 2K)	176,667	223,735	400,402	192,713	157,519	350,232
Other income (Note 1)	129,970	-	129,970	150,000	-	150,000
Miscellaneous income	70,225	-	70,225	70,176	-	70,176
Investment income, net of investment fees (Notes 5 and 9)	224,570	478,448	703,018	8,127	708,166	716,293
Change in value of beneficial interest in split interest agreements (Note 2M)	-	103,127	103,127	-	(17,019)	(17,019)
Reclassification of net assets (Note 9)	-	-	-	(231,196)	231,196	-
Net assets released from restrictions (Note 9)	697,539	(697,539)	-	696,740	(696,740)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	8,601,691	445,251	9,046,942	10,372,610	849,552	11,222,162
EXPENSES:						
Program Services						
Adoption Centers	4,299,209	-	4,299,209	3,728,039	-	3,728,039
Animal Hospitals	970,763	-	970,763	1,665,142	-	1,665,142
Behavior, learning and volunteers	474,807	-	474,807	517,520	-	517,520
Feral Cat Initiative	133,133	-	133,133	-	-	-
Memorial parks	1,105,609	-	1,105,609	945,670	-	945,670
Loving Legacy	68,803	-	68,803	77,765	-	77,765
Total program services	7,052,324	-	7,052,324	6,934,136	-	6,934,136
Supporting Services:						
Management and general	1,289,110	-	1,289,110	1,205,892	-	1,205,892
Fundraising	1,788,016	-	1,788,016	1,812,201	-	1,812,201
Total supporting services	3,077,126	-	3,077,126	3,018,093	-	3,018,093
TOTAL EXPENSES	10,129,450	-	10,129,450	9,952,229	-	9,952,229
CHANGE IN NET ASSETS	(1,527,759)	445,251	(1,082,508)	420,381	849,552	1,269,933
Net assets - beginning of year	14,811,275	12,759,057	27,570,332	14,390,894	11,909,505	26,300,399
NET ASSETS - END OF YEAR	\$ 13,283,516	\$ 13,204,308	\$ 26,487,824	\$ 14,811,275	\$ 12,759,057	\$ 27,570,332

The accompanying notes are an integral part of these financial statements.

BIDEAWEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(With Comparative Totals for 2018)

For the Year Ended September 30, 2019

	Program Services						Supporting Services			Total 2019	Total 2018	
	Adoption Centers	Animal Hospitals	Behavior, Learning, Volunteers	Feral Cat Initiative	Memorial Parks	Loving Legacy Program	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries	\$ 1,931,872	\$ 473,611	\$ 217,234	\$ 69,189	\$ 536,434	\$ 2,334	\$ 3,230,674	\$ 664,772	\$ 535,915	\$ 1,200,687	\$ 4,431,361	\$ 4,466,581
Payroll taxes and employee benefits (Note 8)	502,549	117,522	47,970	11,611	178,484	664	858,800	134,869	108,482	243,351	1,102,151	1,254,844
Salaries and Related Costs	2,434,421	591,133	265,204	80,800	714,918	2,998	4,089,474	799,641	644,397	1,444,038	5,533,512	5,721,425
Professional fees (Note 2C)	203,724	38,840	13,191	20,920	10,566	-	287,241	218,054	83,371	301,425	588,666	414,917
Medical supplies	265,030	146,123	75	-	-	-	411,228	-	-	-	411,228	453,121
Pet memorial park supplies	100	-	-	-	93,146	-	93,246	-	-	-	93,246	103,499
Pet supplies (Note 2C)	175,882	5,075	407	-	17	-	181,381	-	1,676	1,676	183,057	186,853
Occupancy	279,216	17,014	20,057	19,114	38,814	6,089	380,304	25,084	30,721	55,805	436,109	391,891
Repairs and maintenance (Note 2C)	222,954	19,016	16,858	1,898	78,195	3,026	341,947	22,382	20,013	42,395	384,342	319,386
Non-cap software and hardware	7,858	2,408	2,922	54	10,188	31	23,461	2,389	752	3,141	26,602	37,098
Insurance	85,473	14,797	13,671	598	20,274	8,304	143,117	9,417	12,899	22,316	165,433	166,957
Staff development and dues	10,238	5,589	1,522	880	573	-	18,802	15,944	13,209	29,153	47,955	35,178
Travel	17,340	1,365	2,618	2,731	21,564	25	45,643	3,496	6,022	9,518	55,161	55,198
Telephone and network management	46,217	36,273	9,407	1,702	12,843	319	106,761	13,789	13,332	27,121	133,882	140,948
Meetings and seminars	11,156	2,865	6,112	686	2,922	25	23,766	8,044	5,548	13,592	37,358	29,841
Postage	3,930	526	1,665	25	5,902	6	12,054	662	142,082	142,744	154,798	125,210
Miscellaneous	95,267	16,455	9,038	1,539	16,887	70	139,256	6,998	16,322	23,320	162,576	140,000
Bank charges	6,269	11,609	61	-	11,642	-	29,581	10,299	40,927	51,226	80,807	82,089
Marketing, newsletter and publications	131,114	34,859	58,364	-	35,692	14	260,043	99,832	559,476	659,308	919,351	736,569
Catering and entertainment (Note 2C)	-	-	-	-	-	-	-	-	237,158	237,158	237,158	302,137
Bad debt expense	-	-	-	-	-	-	-	23,264	411	23,675	23,675	34,669
Depreciation (Note 6)	303,020	26,816	53,635	2,186	31,466	47,896	465,019	29,815	70,848	100,663	565,682	579,135
Subtotal	4,299,209	970,763	474,807	133,133	1,105,609	68,803	7,052,324	1,289,110	1,899,164	3,188,274	10,240,598	10,056,121
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	-	(111,148)	(111,148)	(111,148)	(103,892)
TOTAL EXPENSES	\$ 4,299,209	\$ 970,763	\$ 474,807	\$ 133,133	\$ 1,105,609	\$ 68,803	\$ 7,052,324	\$ 1,289,110	\$ 1,788,016	\$ 3,077,126	\$ 10,129,450	\$ 9,952,229

The accompanying notes are an integral part of these financial statements.

BIDEAWEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	For the Year Ended September 30, 2018									
	Program Services					Supporting Services				
	Adoption Centers	Animal Hospitals	Behavior, Learning, Volunteers	Memorial Parks	Loving Legacy Program	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2018
Salaries	\$ 1,622,495	\$ 852,689	\$ 242,201	\$ 449,784	\$ 8,265	\$ 3,175,434	\$ 707,428	\$ 583,719	\$ 1,291,147	\$ 4,466,581
Payroll taxes and employee benefits (Note 8)	490,490	246,392	73,683	173,938	1,418	985,921	140,546	128,377	268,923	1,254,844
Salaries and Related Costs	2,112,985	1,099,081	315,884	623,722	9,683	4,161,355	847,974	712,096	1,560,070	5,721,425
Professional fees (Note 2C)	156,262	43,518	11,197	5,979	-	216,956	105,864	92,097	197,961	414,917
Medical supplies	258,728	194,393	-	-	-	453,121	-	-	-	453,121
Pet memorial park supplies	258	-	-	103,241	-	103,499	-	-	-	103,499
Pet supplies (Note 2C)	179,835	6,134	884	-	-	186,853	-	-	-	186,853
Occupancy	213,745	64,841	19,540	39,889	6,820	344,835	20,808	26,248	47,056	391,891
Repairs and maintenance (Note 2C)	190,338	45,464	20,556	29,976	3,758	290,092	12,652	16,642	29,294	319,386
Non-cap software and hardware	12,355	7,263	3,749	8,745	1	32,113	3,254	1,731	4,985	37,098
Insurance	75,533	26,459	14,178	18,497	8,464	143,131	10,656	13,170	23,826	166,957
Staff development and dues	4,126	7,373	1,565	434	39	13,537	4,315	17,326	21,641	35,178
Travel	15,796	3,812	2,365	20,857	68	42,898	5,970	6,330	12,300	55,198
Telephone and network management	45,220	37,351	11,236	11,574	456	105,837	17,646	17,465	35,111	140,948
Meetings and seminars	6,149	4,025	4,334	1,055	111	15,674	7,779	6,388	14,167	29,841
Postage	4,438	1,236	3,000	5,106	5	13,785	1,011	110,414	111,425	125,210
Miscellaneous	71,631	16,489	8,111	15,438	560	112,229	8,029	19,742	27,771	140,000
Bank charges	4,555	17,177	25	9,977	-	31,734	10,448	39,907	50,355	82,089
Marketing, newsletter and publications	118,130	16,362	44,624	27,593	-	206,709	80,704	449,156	529,860	736,569
Catering and entertainment (Note 2C)	52	-	-	-	-	52	-	302,085	302,085	302,137
Bad debt expense	-	-	-	-	-	-	34,310	359	34,669	34,669
Depreciation (Note 6)	257,903	74,164	56,272	23,587	47,800	459,726	34,472	84,937	119,409	579,135
Subtotal	3,728,039	1,665,142	517,520	945,670	77,765	6,934,136	1,205,892	1,916,093	3,121,985	10,056,121
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	(103,892)	(103,892)	(103,892)
TOTAL EXPENSES	\$ 3,728,039	\$ 1,665,142	\$ 517,520	\$ 945,670	\$ 77,765	\$ 6,934,136	\$ 1,205,892	\$ 1,812,201	\$ 3,018,093	\$ 9,952,229

The accompanying notes are an integral part of these financial statements.

BIDEAWEE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,082,508)	\$ 1,269,933
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	565,682	579,135
Bad debt expense	23,675	34,669
Restricted cemetery maintenance fees held to perpetuity	(223,735)	(157,519)
Restricted contributions held to perpetuity	(40,251)	(10,303)
Loss on disposal of property and equipment	3,428	1,825
Unrealized (gain) loss on investments	(116,844)	86,561
Realized gain on investments	(84,833)	(416,286)
Subtotal	(955,386)	1,388,015
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Bequests, legacies and other receivables	182,798	(230,886)
Inventory	31,159	19,152
Prepaid expenses and other assets	8,847	30,741
Increase (decrease) in liabilities:		
Accounts payable, accrued expenses and other liabilities	223,077	(302,440)
Deferred revenue	-	(11,610)
Net Cash (Used in) Provided by Operating Activities	(509,505)	892,972
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(11,846,085)	(5,640,471)
Proceeds from investment sales	10,716,947	6,120,718
Purchases of property and equipment	(436,895)	(82,845)
Net Cash (Used in) Provided by Investing Activities	(1,566,033)	397,402
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in value of beneficial interest in trusts	(103,127)	17,019
Cemetery maintenance fees held to perpetuity	223,735	157,519
Contributions held to perpetuity	40,251	10,303
Principal repayments on capital lease obligations payable	(3,721)	(7,114)
Net Cash Provided by Financing Activities	157,138	177,727
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,918,400)	1,468,101
Cash and cash equivalents - beginning of year	2,966,836	1,498,735
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,048,436	\$ 2,966,836
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 430	\$ 771
Taxes paid	6,513	-
Supplemental Disclosure of Noncash Investing and Financing Activities:		
Assets acquired through capital lease	\$ 12,080	\$ -

The accompanying notes are an integral part of these financial statements.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 and 2018

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Bideawee, Inc. (“Bideawee”), founded in 1903 by Flora D’Auby Jenkins Kibbe, was established to provide temporary shelter and medical services to animals. Bideawee’s mission is to cultivate and support the lifelong relationships between pets and the people who love them by providing a continuum of services and programs that are innovative, personalized and of high quality. Accordingly, at its sites in Manhattan, Wantagh and Westhampton, Bideawee administers various programs including: adoption centers; animal hospitals; animal training and behavior services; pet memorial parks; free or low-cost medical services for pets of owners in economic need; public educational programs; pet therapy to hospitalized children and elder adults in nursing homes and bereavement counseling to individuals who have lost pets.

Bideawee has been determined to be a public charity as defined in Section 501(c)(3) of the Internal Revenue Code, and as such, is exempt from federal income taxes under Section 501(a) and state taxes under similar provisions. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

During the year ended September 30, 2018, Bideawee sold the New York City animal hospital private veterinary practice book of business for \$150,000. During the year ended September 30, 2019, Bideawee earned additional \$129,970 of profit sharing based on first year business performance in accordance with the sales agreement. Income related to the sale was included in other income in the accompanying statements of activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. **Basis of Accounting** – Bideawee’s financial statements have been prepared on the accrual basis of accounting. Bideawee adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. **Cash and Cash Equivalents** – Bideawee considers highly liquid investments acquired with an original maturity of three months or less to be cash and cash equivalents except for any cash and equivalents that are maintained in Bideawee’s investment portfolio.
- C. **Support and Receivables** – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, if material. The discounts on those amounts are computed using risk adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution income. Donated securities acquired by gift or bequest are recorded at their fair market value on the date received and it is Bideawee’s policy to sell upon receipt. Conditional promises to give are not included as support until the conditions are substantially met. Bideawee is the beneficiary of bequests and legacies under various wills, the ultimate realization of which is not always readily determinable. Such amounts are recorded by Bideawee when the proceeds are measurable and an irrevocable right to the proceeds has been established by Bideawee.

As of September 30, 2019 and 2018, Bideawee determined that an allowance for uncollectible accounts of \$330,346 and \$302,148, respectively, was necessary. This determination was based on a combination of factors such as the aged basis of the receivables, review of individual accounts outstanding as well as review of any current available information.

During the years ended September 30, 2019 and 2018, Bideawee received \$105,338 and \$105,385, respectively, of contributions in-kind that are reported as contributions and expenses in the accompanying statements of activities and functional expenses. Donated services are recognized at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. Bideawee receives donated services from a variety of unpaid volunteers assisting Bideawee in its charitable programs. No amounts have been recognized for these services in the accompanying statements of activities because the criteria for recognition of such volunteer efforts have not been satisfied.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- D. **Inventory** – Inventory consists of food, prescription drugs and other pet supplies. Inventory is valued at the lower of cost or net realizable value.
- E. **Investments** – Investments are reported at fair value. Investment income, including realized and unrealized gains and losses, is classified as an increase in net assets without donor restrictions, unless there are restrictions that have been imposed by donors or other outside parties.
- F. **Fair Value** – Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as reported in Note 10.
- G. **Memorial Parks** – Bideawee is the owner of land designated for use as memorial parks. Under agreements, patrons have been granted a perpetual right to use the land, provided certain conditions are met. These memorial parks are subject to the State of New York guidelines for operation of pet cemeteries.
- H. **Property and Equipment** – Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Bideawee capitalizes property and equipment with a cost basis of \$2,500 or higher and a useful life of greater than three years.
- I. **Deferred Revenue** – Cash received in advance of special events that are to be held are recorded as deferred revenue.
- J. **Net Assets** – Bideawee maintains its net assets under the following two classes:
- 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 that will be met either by actions of Bideawee or the passage of time; stipulations that they be maintained in perpetuity by Bideawee and unappropriated endowment earnings.
- K. **Memorial Park Maintenance Fees** – The one-time perpetual maintenance fee is maintained in perpetuity as net assets with donor restrictions in accordance with applicable State of New York legislation. The regular maintenance special care fees received during the year are reflected as memorial park maintenance fees in the accompanying statements of activities classified as net assets without donor restrictions.
- L. **Adoption Centers, Animal Hospitals, Loving Legacy and Other Fees** – Revenue from service fees are recognized in the accounting period in which the services are provided.
- M. **Split-Interest Agreements** – Bideawee's split-interest agreements with donors consist primarily of perpetual trusts and irrevocable charitable remainder unitrusts held by third parties. Under the terms of the perpetual trusts, Bideawee has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. Charitable remainder unitrust gifts are time-restricted contributions not available to Bideawee until after the death of the donor and other beneficiaries, who, while living, receive payouts from the trust based on a fixed percentage of the market value of the invested funds each year as stated in the trust agreements. The trust agreements, in certain instances, allow for the beneficiaries to receive additional distributions, which may substantially reduce the value of expected future cash receipts.

Bideawee recognizes as assets and contributions to net assets donor restrictions, the fair value of the trusts based on the present value of the estimated expected future cash receipts from the trusts' assets. The carrying value of the assets is adjusted to fair value at the end of the year. Distributions received by Bideawee are either available for general purposes or restricted based upon donor imposed stipulations.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. **Functional Allocation of Expenses** – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

O. **Use of Estimates** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. **Recent Accounting Pronouncements** – Financial Accounting Standards Board Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*, was adopted for the year ended September 30, 2019. ASU 2016-14 provides for a number of changes including the presentation of two classes of net assets and enhanced disclosures on liquid resources and expense allocation. These changes had no impact on the change in net assets for the year ended September 30, 2018. Due to these changes, Bideawee has reclassified prior periods and fully comparative statements are presented. Net assets as of September 30, 2018 were renamed to conform to the new presentation.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Bideawee regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As of September 30, 2019, financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, included the following:

Cash and cash equivalents	\$ 1,048,436
Bequests, legacies and other receivables, net	1,060,446
Investments	<u>17,734,536</u>
Total	19,843,418
Less: Investments held for endowments	<u>(10,724,329)</u>
Total	<u>\$ 9,119,089</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Bideawee considers all expenditures related to its ongoing activities of Bideawee’s programs as well as the conduct of services undertaken to support those activities to be general expenditures. Donor restricted funds for various programs are considered available for the general expenditures to conduct those programs. Bideawee’s endowment funds consist of donor-restricted endowments. The endowment is subject to an annual spending rate of up to 7% as described in Note 9.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 and 2018

NOTE 4 – BEQUESTS, LEGACIES AND OTHER RECEIVABLES, NET

Bequests, legacies and other receivables consist of the following as of September 30:

	<u>2019</u>	<u>2018</u>
Amount due in less than one year:		
Bequests and legacies	\$ 438,884	\$ 1,064,478
Other receivables	<u>951,908</u>	<u>504,589</u>
	1,390,792	1,569,067
Less: allowance for uncollectible amounts	<u>(330,346)</u>	<u>(302,148)</u>
	<u>\$ 1,060,446</u>	<u>\$ 1,266,919</u>

NOTE 5 – INVESTMENTS

Investments consist of the following as of September 30:

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 869,673	\$ 280,017
Equity securities	6,938,646	7,269,527
Mutual funds	<u>9,926,217</u>	<u>8,854,177</u>
	<u>\$ 17,734,536</u>	<u>\$ 16,403,721</u>

Investments are subject to market volatility that could change their carrying value in the near term. Investment decisions are made in accordance with Bideawee's investment policy. The investment managers are also the custodians of these accounts. Bideawee records investment transactions based on the trade date.

Investment income consists of the following for the years ended September 30:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 548,961	\$ 445,486
Realized gain on investments	84,833	416,286
Unrealized gain (loss) on investments	116,844	(86,561)
Investment fees	<u>(47,620)</u>	<u>(58,918)</u>
	<u>\$ 703,018</u>	<u>\$ 716,293</u>

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 and 2018

NOTE 6 – PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following as of September 30:

	2019	2018	Estimated Useful Lives
Land	\$ 126,080	\$ 126,080	
Buildings and improvements	16,503,106	16,428,456	10-40 years
Office equipment, furniture and vehicles	1,771,135	1,743,314	5-20 years
Construction in Progress	302,460	-	
	<u>18,702,781</u>	<u>18,297,850</u>	
Less: accumulated depreciation	<u>(12,681,521)</u>	<u>(12,156,455)</u>	
	<u>\$ 6,021,260</u>	<u>\$ 6,141,395</u>	

Depreciation expense amounted to \$565,682 and \$579,135 (including \$4,022 and \$7,547, respectively, on capital leased equipment) for the years ended September 30, 2019 and 2018, respectively. During the years ended September 30, 2019 and 2018, Bideawee disposed of certain fixed assets no longer in use amounting to \$44,044 and \$35,614, respectively, resulting in a loss from disposal of \$3,428 and \$1,825, respectively.

Construction in progress amounted to \$302,460 as of September 30, 2019. The construction in progress is related to constructions of a rescue room as well as new server installations at the Wantagh location. The server is expected to be placed in service by January 2020.

NOTE 7 – CAPITAL LEASE OBLIGATIONS PAYABLE

Certain long-term leases for office equipment are classified as capital leases. Accordingly, such equipment is capitalized and depreciated on a straight-line basis over the life of the lease. The corresponding obligation under the capital leases represents the present value of the rental payments discounted by the interest rate implicit in the lease agreements. The interest rate on these lease agreements is 7.50%. Minimum future lease payments subsequent to September 30, 2019 are as follows:

2020	\$ 7,460
2021	<u>3,610</u>
Total minimum lease payments	11,070
Less: amounts representing interest	<u>(263)</u>
	<u>\$ 10,807</u>

NOTE 8 – RETIREMENT PLAN

Bideawee maintains a defined contribution retirement plan covering all eligible employees. Under the retirement plan, each employee who is regularly scheduled to perform services for Bideawee, on at least a part-time basis, may participate on the first entry date after six months of service. Participants may contribute up to 5% of their salaries, on a pre-tax basis, which will be matched by Bideawee. Participants can make additional contributions, which cannot exceed the Internal Revenue Service limit as defined in the regulations and which are unmatched by Bideawee.

Each participant is fully vested after five years in all contributions made on that participant's behalf. Bideawee's expenses related to the employee retirement plan amounted to \$107,594 and \$115,930 for the years ended September 30, 2019 and 2018, respectively.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 and 2018

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets of \$697,539 and \$696,740 were released from restrictions during the years ended September 30, 2019 and 2018, respectively, by incurring program expenses. During the year ended September 30, 2018, \$231,196 of contributions from prior years were reclassified from net assets without donor restrictions to net assets with donor restrictions based on donor's request.

Net assets with donor restrictions for specific purposes are restricted by donors for the following purposes as of September 30:

	2019	2018
Purpose restricted:		
Veterinary Medical Assistance Fund	\$ 18,532	\$ 21,934
Adoption Center	37,273	10,352
Joe Garrison Memorial	1,427	4,029
Restricted for future operations	1,000	1,000
Unappropriated endowment earnings	1,304,803	1,208,355
Wiederhold Hospital	93,853	135,000
Other	5,171	3,251
	\$ 1,462,059	\$ 1,383,921

Net assets with donor restrictions held to perpetuity consisted of the following as of September 30:

Endowment funds – restricted as to principal, with current income available for general purposes of Bideawee. The funds are as follows:

	2019	2018
A.T. Jones	\$ 880,000	\$ 880,000
M.B. Scanion	179,795	179,795
J.B. Merrill	30,000	30,000
E. Blashfield	10,875	10,875
A. Allen	5,474	5,474
T. Richter	299,125	258,874
Vandivert	140,000	140,000
	1,545,269	1,505,018

Cemetery, perpetual care and maintenance fund – restricted as to principal, with current income available for the general purpose of Bideawee after deducting for the costs of the perpetual care and maintenance

9,179,060	8,955,325
10,724,329	10,460,343

Beneficial interest in perpetual trust

960,921	889,699
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Beneficial interest in charitable remainder trusts

56,999	25,094
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\$ 11,742,249	\$ 11,375,136
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BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 and 2018

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Bideawee recognizes that New York State adopted as law the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) on September 17, 2010. NYPMIFA replaced the prior law, which was the Uniform Management of Institutional Funds Act (“UMIFA”). In addition, NYPMIFA created a rebuttable presumption of imprudence if an organization appropriates more than 7 percent of a donor-restricted permanent endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered without donor restrictions will be reflected as donor restricted until appropriated.

Bideawee’s Board has interpreted NYPMIFA as allowing Bideawee to appropriate for expenditure or accumulate so much of an endowment fund as Bideawee determines is prudent for the uses, benefits, purposes and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise, the assets in a donor-restricted endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board.

Funds functioning as endowments include perpetual care funds. These funds are invested for long-term appreciation and current income. Perpetual care funds are reported as net assets with donor restrictions, and investment earnings on these funds are reported as net assets with donor restrictions for the perpetual care and maintenance of the pet cemetery.

In accordance with U.S. GAAP, organizations are required to disclose any deterioration of the fair value of assets associated with donor restricted funds that fall below the level the donor requires Bideawee to retain in perpetuity. The deficiencies may result from unfavorable market fluctuations that occurred in the economy as a whole that may have affected the donor restricted fund where the fair value of the donor restricted fund fell below the amount that is required to be retained permanently. Any deterioration of the fair value of assets associated with donor-restricted endowment funds that falls below the level the donor requires Bideawee to retain in perpetuity is to be reported in net assets with donor restrictions. As of September 30, 2019 and 2018, Bideawee had not incurred a deficiency in its donor-restricted endowment funds.

Bideawee’s endowment investment policy is to invest primarily in a mix of equities and fixed-income securities based on an asset allocation to satisfy its overall endowment financial and investment objectives, such as to preserve the principal, protect against inflation, receive stable returns and achieve long-term growth. Bideawee relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The following table summarizes donor-restricted endowment activities of Bideawee for the year ended September 30, 2019:

	Donor-Restricted Endowment Funds		
	Endowment Earnings	Endowment Corpus	Total
Investment earnings	\$ 61,841	\$ -	\$ 61,841
Contributions	-	40,251	40,251
Appropriation for expenditure	(49,375)	-	(49,375)
Total endowment activity	12,466	40,251	52,717
Endowment net assets, beginning of year	156,184	1,505,018	1,661,202
Endowment net assets, end of year	\$ 168,650	\$ 1,545,269	\$ 1,713,919

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 and 2018

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following table summarizes donor-restricted endowment activities of Bideawee for the year ended September 30, 2018:

	<u>Donor-Restricted Endowment Funds</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment earnings	\$ 91,533	\$ -	\$ 91,533
Contributions	-	10,303	10,303
Reclassification of net assets without donor restrictions	-	231,196	231,196
Appropriation for expenditure	<u>(41,232)</u>	<u>-</u>	<u>(41,232)</u>
Total endowment activity	50,301	241,499	291,800
Endowment net assets, beginning of year	<u>105,883</u>	<u>1,263,519</u>	<u>1,369,402</u>
Endowment net assets, end of year	<u>\$ 156,184</u>	<u>\$ 1,505,018</u>	<u>\$ 1,661,202</u>

The following table summarizes funds functioning as endowment activities of Bideawee for the year ended September 30, 2019:

	<u>Funds Functioning as Endowments</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment earnings	\$ 416,607	\$ -	\$ 416,607
Cemetery maintenance fees received	-	223,735	223,735
Appropriation for expenditure	<u>(332,625)</u>	<u>-</u>	<u>(332,625)</u>
Total endowment activity	83,982	223,735	307,717
Endowment net assets, beginning of year	<u>1,052,171</u>	<u>8,955,325</u>	<u>10,007,496</u>
Endowment net assets, end of year	<u>\$ 1,136,153</u>	<u>\$ 9,179,060</u>	<u>\$ 10,315,213</u>

The following table summarizes funds functioning as endowment activities of Bideawee for the year ended September 30, 2018:

	<u>Funds Functioning as Endowments</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment earnings	\$ 616,633	\$ -	\$ 616,633
Cemetery maintenance fees received	-	157,519	157,519
Appropriation for expenditure	<u>(277,768)</u>	<u>-</u>	<u>(277,768)</u>
Total endowment activity	338,865	157,519	496,384
Endowment net assets, beginning of year	<u>713,306</u>	<u>8,797,806</u>	<u>9,511,112</u>
Endowment net assets, end of year	<u>\$ 1,052,171</u>	<u>\$ 8,955,325</u>	<u>\$10,007,496</u>

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 and 2018

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Endowment net assets are included with investments on the accompanying statements of financial position as of September 30, 2019 and 2018.

NOTE 10 – FAIR VALUE MEASUREMENT

The fair value hierarchy defines three levels as follows:

- Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- Level 3 – Valuations for assets and liabilities based on unobservable inputs that are significant to the fair value measurement. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining fair value, Bideawee utilizes valuation techniques that maximize the use of observable inputs, such as prices and other relevant information generated by market transactions involving identical or comparable assets (“market approach”), and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

Following is a description of the valuation methodologies used for assets measured at fair value at September 30, 2019 and 2018.

Money market funds:

Money market funds are valued at the net asset value (“NAV”) at a constant \$1.00 per share, of which, only the yield goes up and down.

Equity securities:

Equity securities are valued at quoted market prices determined in an active market.

Mutual funds:

Mutual funds are valued at quoted market prices determined in an active market.

Beneficial interest in trusts:

Beneficial interest in trusts are valued based on three methods:

- Bideawee’s percentage interest in the trust, using the most recent valuation available as of year-end.
- Bideawee’s percentage interest in the trust, using the most recent valuation available as of year-end, less a 50% reduction based on management’s estimates due to allowed invasions within the trust.
- A weighted average calculation based on the five-year historical income from the trust, less a 25% reduction for uncertainty in future earnings based on management’s estimate.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 and 2018

NOTE 10 – FAIR VALUE MEASUREMENT (Continued)

Financial assets measured at fair value on a recurring basis as of September 30, 2019 are presented in the table by fair value hierarchy as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total 2019</u>
Money market funds	\$ 869,493	\$ -	\$ 869,493
Equity securities	9,995,183	-	9,995,183
Mutual funds	6,869,860	-	6,869,860
Beneficial interest in trusts	<u>-</u>	<u>1,017,920</u>	<u>1,017,920</u>
Investments at Fair Value	<u>\$17,734,536</u>	<u>\$ 1,017,920</u>	<u>\$ 18,752,456</u>

Financial assets measured at fair value on a recurring basis as of September 30, 2018 are presented in the table by fair value hierarchy as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total 2018</u>
Money market funds	\$ 265,355	\$ -	\$ 265,355
Mutual funds	16,138,366	-	16,138,366
Beneficial interest in trusts	<u>-</u>	<u>914,793</u>	<u>914,793</u>
Investments at Fair Value	<u>\$16,403,721</u>	<u>\$ 914,793</u>	<u>\$ 17,318,514</u>

Bideawee recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

Fair value for the beneficial interest in trusts is measured using the fair value of the assets held in trusts as reported by the trustee as of September 30, 2019 and 2018. Bideawee considers the measurement of its beneficial interest in trusts to be a Level 3 measurement within the fair value hierarchy because even though that measurement is based on the unadjusted fair values of the trust assets reported by the trustee, Bideawee will have the ability to direct the trustee to redeem them.

The table below presents information about fair value measurements that use significant unobservable inputs (level 3):

Balance - October 1, 2017	\$ 931,812
Total gains or losses recognized in the change in net assets with donor restrictions – change in value of perpetual trusts	<u>(17,019)</u>
Balance - October 1, 2018	914,793
Total gains or losses recognized in the change in net assets with donor restrictions – change in value of perpetual trusts	<u>103,127</u>
Balance – September 30, 2019	<u>\$ 1,017,920</u>

The Board of Directors reviews and approves Bideawee's fair value measurement policies and procedures annually. At least annually, the audit committee and the Board determine if the valuation techniques used in fair value measurements are still appropriate.

NOTE 11 – CONCENTRATIONS

A. Cash and cash equivalents that potentially subject Bideawee to a concentration of credit risk include cash accounts with various financial institutions that exceeded the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Cash accounts are insured up to \$250,000 per depositor. As of September 30, 2019, and 2018, there was approximately \$482,000 and \$2,339,000, respectively, of cash and cash equivalents held by two banks that exceeded FDIC limits. Such excess includes outstanding checks.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 and 2018

NOTE 11 – CONCENTRATIONS (Continued)

- B. During the year ended September 30, 2018, Bideawee received bequest payments from two estates totaling approximately \$3,100,000 which represented approximately 28% of total revenue for the year ended September 30, 2018.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

- A. Bideawee believes it has no uncertain tax positions as of September 30, 2019 and 2018 in accordance with Accounting Standards Codification (“ASC”) Topic 740 “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- A. From time to time, Bideawee may have certain commitment and contingent liabilities that arise in the ordinary course of its business. Bideawee accrues contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. In the opinion of management, there are no pending claims of which the outcome is expected to result in a material adverse effect on the financial statements of Bideawee.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through May 1, 2020, the date of the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic, which continues to spread throughout the United States. Bideawee could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the Bideawee’s mission, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, we cannot predict the extent to which the Bideawee’s financial condition and results of operations will be affected.

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Stability Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration sector of the government. The maximum loan amount is equal to the lesser of (a) 2.5 times the entity’s average monthly payroll costs, as defined and incurred during the one-year period before the date on which the loan is made; or (b) \$10 million. The term of the loan is two years and bears interest at a fixed rate of 1% per annum. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the eight week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to Bideawee’s employees. Bideawee applied for this loan through an SBA authorized lender and received approval of approximately \$950,000 in April 2020.