
bideauwee

for the love of pets

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

BIDEAWEE, INC.

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

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Bideawee, Inc.

We have audited the accompanying statements of financial position of Bideawee, Inc. ("Bideawee") as of September 30, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Bideawee's management. 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 of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Marks Paneth & Shron LLP

New York, NY
February 14, 2011

BIDEAWEE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2010 AND 2009

	2010	2009
ASSETS		
Cash and cash equivalents (Notes 2B and 10A)	\$ 913,300	\$ 789,843
Bequests, legacies, and other receivables, net (Notes 2C and 3)	491,562	527,707
Inventory (Note 2D)	99,727	116,421
Prepaid expenses	9,906	9,290
Investments (Notes 2E and 4)	15,408,498	10,765,141
Property and equipment, net (Notes 2H and 5)	9,127,375	9,659,449
Beneficial interest in trusts (Notes 2K and 8)	478,368	527,294
TOTAL ASSETS	\$ 26,528,736	\$ 22,395,145
LIABILITIES		
Accounts payable and accrued expenses	\$ 544,985	\$ 436,074
Capital lease obligations payable (Note 6)	40,252	61,923
TOTAL LIABILITIES	585,237	497,997
COMMITMENTS (Notes 6 and 11)		
NET ASSETS (Note 2I)		
Unrestricted		
Net investment in property and equipment	9,087,123	9,597,526
Operations	7,473,388	2,947,418
Total unrestricted	16,560,511	12,544,944
Temporarily restricted (Note 8)	141,000	156,000
Permanently restricted (Note 8)	9,241,988	9,196,204
TOTAL NET ASSETS	25,943,499	21,897,148
TOTAL LIABILITIES AND NET ASSETS	\$ 26,528,736	\$ 22,395,145

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

BIDEAWEE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	For the Year Ended September 30, 2010					For the Year Ended September 30, 2009				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2010		Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2009	
REVENUES, GAINS AND OTHER SUPPORT:										
Special events revenue	\$ 236,312	\$ -	\$ -	\$ 236,312		\$ 381,013	\$ -	\$ -	\$ 381,013	
Less: costs of direct benefits to donors	(135,121)	-	-	(135,121)		(121,558)	-	-	(121,558)	
Special events, net	101,191	-	-	101,191		259,455	-	-	259,455	
Bequests and legacies (Notes 2C and 10B)	7,363,552	-	-	7,363,552		3,065,332	-	-	3,065,332	
Contributions (Note 2C)	1,359,225	-	-	1,359,225		1,579,930	-	-	1,579,930	
Adoption centers, veterinary centers, retirement program and other fees	2,136,912	-	-	2,136,912		2,231,891	-	-	2,231,891	
Cemetery maintenance fees (Note 2J)	172,028	-	94,710	266,738		199,787	75,115	-	274,902	
Interest and dividends (Note 4)	295,579	-	-	295,579		374,501	-	-	374,501	
Net realized and unrealized gains on investments (Note 4)	558,159	-	-	558,159		(216,104)	-	-	(216,104)	
Change in value of beneficial interest in split interest agreements (Note 2K)	-	-	(48,926)	(48,926)		-	-	(66,869)	(66,869)	
Net assets released from restrictions (Note 8)	15,000	(15,000)	-	-		15,000	(15,000)	-	-	
TOTAL REVENUES, GAINS AND OTHER SUPPORT	12,001,646	(15,000)	45,784	12,032,430		7,509,792	(15,000)	8,246	7,503,038	
EXPENSES:										
Program Services										
Adoption centers	2,529,783	-	-	2,529,783		3,118,954	-	-	3,118,954	
Veterinary practice	1,713,086	-	-	1,713,086		1,908,488	-	-	1,908,488	
Behavior, learning and volunteers	474,741	-	-	474,741		544,026	-	-	544,026	
Memorial park	830,674	-	-	830,674		823,095	-	-	823,095	
Retirement program	331,754	-	-	331,754		128,657	-	-	128,657	
Total program services	5,880,038	-	-	5,880,038		6,523,220	-	-	6,523,220	
Supporting Services:										
Management and general	917,700	-	-	917,700		1,081,146	-	-	1,081,146	
Fundraising	1,188,341	-	-	1,188,341		1,626,113	-	-	1,626,113	
Total supporting services	2,106,041	-	-	2,106,041		2,707,259	-	-	2,707,259	
TOTAL EXPENSES	7,986,079	-	-	7,986,079		9,230,479	-	-	9,230,479	
CHANGE IN NET ASSETS	4,015,567	(15,000)	45,784	4,046,351		(1,720,687)	(15,000)	8,246	(1,727,441)	
Net assets, beginning of year	<u>12,544,944</u>	<u>156,000</u>	<u>9,196,204</u>	<u>21,897,148</u>		<u>14,265,631</u>	<u>171,000</u>	<u>9,187,958</u>	<u>23,624,589</u>	
NET ASSETS - END OF YEAR	\$ 16,560,511	\$ 141,000	\$ 9,241,988	\$ 25,943,499		\$ 12,544,944	\$ 156,000	\$ 9,196,204	\$ 21,897,148	

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

BIDEAWEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2010
 (With Comparative Totals for September 30, 2009)

	Program Services					Supporting Services			Total 2009	
	Adoption Centers	Veterinary Practice	Behavior, Learning, Volunteers	Memorial Park	Retirement Program	Total Program Services	Management and General	Fundraising		Supporting Services
Salaries	\$ 1,245,465	\$ 847,382	\$ 244,005	\$ 385,132	\$ 104,342	\$ 2,826,326	\$ 506,352	\$ 549,360	\$ 1,055,712	\$ 4,476,532
Payroll taxes and employee benefits (Note 8)	380,025	219,695	64,971	135,587	22,907	823,185	100,334	113,899	214,233	1,201,221
Salaries and Related Costs	1,625,490	1,067,077	308,976	520,719	127,249	3,649,511	606,686	663,259	1,269,945	5,677,753
Professional fees	126,053	154,500	32,747	44,294	35,551	393,145	71,362	176,014	247,376	671,633
Medical supplies	169,682	156,549	3,765	1,631	3,848	335,475	1,924	6,399	8,323	409,252
PMP supplies	2,762	2,762	1,912	82,871	-	90,307	691	1,222	1,222	86,882
Pet supplies (Note 2C)	55,694	14,164	1,969	672	929	73,428	474	3,286	3,760	92,365
Direct mail	25,333	20,574	2,057	3,429	30,943	82,336	-	116,674	116,674	147,559
Occupancy	121,230	50,663	19,661	47,412	17,392	256,358	35,296	29,923	65,219	379,783
Repairs and maintenance	93,537	45,608	16,733	27,967	10,389	194,234	17,105	25,321	42,426	250,779
Non-cap software and license	5,171	2,026	940	8,344	112	16,593	240	440	680	24,548
Insurance	33,146	17,071	8,028	17,544	12,016	87,805	5,308	11,367	16,675	167,585
Staff development and dues	3,876	2,497	4,183	839	697	12,092	426	1,160	1,586	28,484
Travel	10,959	2,836	2,546	7,845	835	25,021	6,075	4,123	10,198	55,978
Telephone	32,769	20,145	12,159	18,439	6,620	90,132	15,992	19,789	35,781	127,942
Meetings and seminars	2,569	1,345	487	622	119	5,142	584	610	1,194	11,865
Postage	4,754	4,091	784	2,448	4,881	16,958	599	18,511	19,110	51,467
Messenger service	1,650	1,258	235	2,311	356	5,810	502	1,717	2,219	9,600
Miscellaneous	29,268	19,591	3,518	-	1,923	54,300	4,333	21,714	26,047	80,347
Bank charges	17,347	26,002	1,983	9,140	4,880	59,352	4,117	18,264	22,381	199,726
Marketing, newsletter and publications	31,987	22,090	5,513	7,475	11,917	78,982	540	60,682	61,222	207,009
Catering and entertainment (Note 2C)	268	207	70	37	316	898	-	75,391	75,391	104,890
Depreciation and amortization (Notes 5)	136,238	82,030	46,475	26,635	60,781	352,159	145,446	68,287	213,733	559,730
Subtotal	2,529,783	1,713,086	474,741	830,674	331,754	5,880,038	917,700	1,323,462	2,241,162	9,352,037
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	(135,121)	(135,121)	(121,558)
TOTAL EXPENSES	\$ 2,529,783	\$ 1,713,086	\$ 474,741	\$ 830,674	\$ 331,754	\$ 5,880,038	\$ 917,700	\$ 1,188,341	\$ 2,106,041	\$ 9,230,479

The accompanying notes are an integral part of these financial statements

BIDEAWEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Program Services					Supporting Services			Total
	Adoption Centers	Veterinary Practice	Behavior, Learning, Volunteers	Memorial Park	Retirement Program	Total Program Services	Management and General	Fundraising	
Salaries	\$ 1,608,715	\$ 904,479	\$ 294,278	\$ 389,364	\$ 28,357	\$ 3,225,193	\$ 652,339	\$ 599,000	\$ 1,251,339
Payroll taxes and employee benefits (Note 7)	494,389	229,898	79,517	133,996	5,691	943,491	128,394	129,336	257,730
Salaries and Related Costs	2,103,104	1,134,377	373,795	523,360	34,048	4,168,684	780,733	728,336	1,509,069
Professional fees	111,970	137,395	25,828	21,342	4,438	300,973	100,415	300,929	401,344
Medical supplies	134,325	274,867	-	86,882	-	409,192	-	60	60
PMP supplies	-	-	-	-	-	-	-	-	-
Pet supplies (Note 2C)	71,150	20,022	1,078	-	-	92,250	-	115	115
Direct mail	5,315	9,466	1,665	1,487	126	18,059	-	129,500	129,500
Occupancy	158,594	59,366	21,540	38,574	16,740	294,814	41,170	43,799	84,969
Repairs and maintenance	102,910	53,136	13,238	30,710	7,000	206,994	18,598	25,187	43,785
Non-cap software and license	6,670	3,560	1,922	8,112	214	20,478	2,888	1,182	4,070
Insurance	66,509	10,146	13,425	28,364	15,906	134,350	10,937	22,298	33,235
Travel	5,254	5,889	8,573	862	175	20,763	3,764	3,957	7,721
Staff development and dues	19,409	4,362	4,571	8,045	683	37,070	8,777	10,131	18,908
Telephone	36,228	21,583	12,546	13,507	2,633	86,497	17,127	24,318	41,445
Meetings and seminars	2,265	1,700	1,333	1,178	25	6,501	863	4,501	5,364
Postage	2,824	3,689	1,309	2,951	72	10,845	1,054	39,568	40,622
Messenger service	1,584	1,745	254	1,410	71	5,064	1,199	3,337	4,536
Miscellaneous	29,374	26,123	3,739	9,953	353	69,542	4,947	125,237	130,184
Bank charges	17,986	27,369	1,766	10,400	175	57,696	1,610	27,901	29,511
Marketing, newsletter and publications	37,450	45,070	10,854	11,531	71	104,976	-	102,033	102,033
Catering and entertainment (Note 2C)	-	-	-	-	-	-	-	74,206	74,206
Depreciation and amortization (Notes 5)	206,023	68,623	46,590	24,427	45,927	391,590	87,064	81,076	168,140
Subtotal	3,118,954	1,908,488	544,026	823,095	128,657	6,523,220	1,081,146	1,747,671	2,828,817
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	(121,558)	(121,558)
TOTAL EXPENSES	\$ 3,118,954	\$ 1,908,488	\$ 544,026	\$ 823,095	\$ 128,657	\$ 6,523,220	\$ 1,081,146	\$ 1,626,113	\$ 2,707,259
									\$ 4,476,532
									1,201,221
									5,677,753

The accompanying notes are an integral part of these financial statements

BIDEAWEE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,046,351	\$ (1,727,441)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	565,892	558,222
Bad debt expense	70,073	(50,821)
Unrealized gain on investments	(433,410)	(369,335)
Realized (gain) loss on investments	(124,749)	585,439
Amortization of deferred financing costs	-	1,508
Change in value of beneficial interest in trusts	48,926	66,869
Subtotal	4,173,083	(935,559)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Bequests, legacies, and other receivables	(33,928)	(133,339)
Inventory	16,694	83,487
Prepaid expenses	(616)	5,024
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	108,911	(243,820)
Net Cash Provided (Used) by Operating Activities	4,264,144	(1,224,207)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(11,758,738)	(8,285,518)
Proceeds from investment sales	7,673,540	10,077,091
Purchases of property and equipment	(33,818)	(52,624)
Net Cash (Used) Provided by Investing Activities	(4,119,016)	1,738,949
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal repayments on note payable	-	(10,072)
Principal repayments on capital lease obligations payable	(21,671)	(44,174)
Net Cash Used in Financing Activities	(21,671)	(54,246)
NET INCREASE IN CASH AND CASH EQUIVALENTS	123,457	460,496
Cash and cash equivalents - beginning of year	789,843	329,347
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 913,300	\$ 789,843
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 3,566	\$ 10,773
Office equipment acquired under capital leases	\$ -	\$ 81,736

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

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Bideawee, Inc. ("Bideawee"), founded in 1903 by Flora D'Auby Jenkins, was established to provide temporary shelter and medical services to animals. Bideawee's mission is to promote and support safe, loving, long-term relationships between people and companion animals 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: animal shelters; veterinary clinics; 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 Service 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.

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 purchased with a 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-free 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, 2010 and 2009, Bideawee determined that an allowance for uncollectible accounts of \$195,255 and \$125,182, 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 the current available information.

During the year ended September 30, 2010, Bideawee received \$29,927 in contributions in-kind that are reported as contributions including pet supplies of \$14,121 and catering and entertainment of \$15,806 in the accompanying statements of activities and functional expenses. During the year ended September 30, 2009, Bideawee received \$146,017 in contributions in-kind that are reported as contributions including pet supplies of \$53,549 and catering and entertainment of \$92,468 in the accompanying statements of activities and functional expenses.

- D. **Inventory** – Inventory consists of food, drugs and other pet supplies. Inventory is valued at the lower of cost or market.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- E. **Investments** – Investments are reported at fair value. Investment income, including realized and unrealized gains and losses, is recorded in the unrestricted fund, 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 9.
- G. **Animal Cemeteries** – Bideawee is the owner of land designated for use as animal cemeteries. Under agreements, patrons have been granted a perpetual right to use the land, provided certain conditions are met. These animal cemeteries 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 \$1,000 or higher and a useful life of at least five years.
- I. **Net Assets** – Bideawee maintains its net assets under the following three classes:
- Unrestricted – represents resources available for support of Bideawee's operations over which the Board of Directors has discretionary control.
 - Temporarily Restricted – represents resources resulting from contributions and other inflows of assets subject to donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of Bideawee pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reported in the statements of activities as net assets released from restrictions. Bideawee reports restricted contributions whose stipulations were met in the same year as unrestricted contributions.
 - Permanently Restricted – represents resources subject to donor imposed stipulations that they be maintained intact in perpetuity. The donor permits the use of all the income on related investments and the net capital appreciation thereon, for restricted purposes.
- J. **Cemetery Maintenance Fees** – The one-time perpetual maintenance fee is maintained in permanently restricted net assets in accordance with applicable State of New York legislation. The regular maintenance special care fees received during the year are reflected as unrestricted cemetery maintenance fees in the accompanying statements of activities.
- K. **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 term 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 permanently restricted net assets, 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 unrestricted for general purposes or restricted based upon donor imposed stipulations.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- L. **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.
- M. **Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.
- N. **Uncertainty in Income Taxes** – Bideawee has no uncertain tax positions as of the years ended September 30, 2010 and 2009 in accordance with Accounting Standards Codification (“ASC”) Topic 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions. Bideawee is no longer subject to federal or state and local income tax examinations by tax authorities for years ended before 2007.
- O. **Subsequent Events** – Management has evaluated events subsequent to the date of the statement of financial position through February 14, 2011, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through February 14, 2011 that would require adjustment or disclosure in the financial statements.

NOTE 3 – BEQUESTS, LEGACIES AND OTHER RECEIVABLES

Bequests, legacies and other receivables consist of the following as of September 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Amount due in less than one year:		
Bequests and legacies	\$ 412,538	\$ 501,948
Other receivables	<u>274,279</u>	<u>150,941</u>
	686,817	652,889
Less: allowance for uncollectible amounts	<u>(195,255)</u>	<u>(125,182)</u>
	<u>\$ 491,562</u>	<u>\$ 527,707</u>

NOTE 4 – INVESTMENTS

Investments consist of the following as of September 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Mutual funds	\$ 4,854,875	\$ 4,485,585
Federal mortgage backed securities	3,223,975	3,221,032
U.S. government obligations	3,192,519	2,523,693
Municipal government obligations	526,937	145,410
Corporate obligations	588,876	338,635
Money market funds	<u>3,021,316</u>	<u>50,786</u>
	<u>\$ 15,408,498</u>	<u>\$ 10,765,141</u>

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

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

NOTE 4 – INVESTMENTS (Continued)

Investment income consists of the following for the years ended September 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 329,875	\$ 429,568
Unrealized gain on investments	433,410	369,335
Realized gain (loss) on investments	<u>124,749</u>	<u>(585,439)</u>
	<u>\$ 888,034</u>	<u>\$ 213,464</u>

For the years ended September 30, 2010 and 2009, investment fees amounting to \$34,296 and \$55,067, respectively, have been recorded in the accompanying statements of activities as a reduction in unrestricted interest income and dividends.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of September 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>	<u>Estimated Useful Lives</u>
Land	\$ 126,080	\$ 126,080	
Buildings and improvements	15,759,748	15,567,127	40 years
Office equipment, furniture and vehicles	<u>1,310,159</u>	<u>1,636,989</u>	5-15 years
	17,195,987	17,330,196	
Less: accumulated depreciation	<u>(8,068,612)</u>	<u>(7,670,747)</u>	
Total	<u>\$ 9,127,375</u>	<u>\$ 9,659,449</u>	

Depreciation expense amounted to \$565,892 and \$559,730 (including \$22,055 and \$44,172 on capital leased equipment) for the years ended September 30, 2010 and 2009, respectively. During the year ended September 30, 2010, Bideawee wrote off certain fixed assets no longer in use amounting to \$168,027 with total net book value of \$26,615. During the year ended September 30, 2009, Bideawee disposed of fully depreciated fixed assets no longer in use amounting to \$148,749.

NOTE 6 – 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 rates implicit in the lease agreements. Such rates range from approximately 5% to 8.75%. Minimum future lease payments subsequent to September 30, 2010 are as follows:

2011	\$ 19,668
2012	19,668
2013	<u>6,678</u>
Total minimum lease payments	46,014
Less: amounts representing interest	<u>(5,762)</u>
	<u>\$ 40,252</u>

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 – 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 before tax-basis, which amount will be matched by Bideawee. Participants can make additional contributions, which cannot exceed the IRS 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 \$121,168 and \$142,738 for the years ended September 30, 2010 and 2009, respectively.

NOTE 8 – RESTRICTED NET ASSETS

Net assets of \$15,000 were released from restrictions during each of the years ended September 30, 2010 and 2009 by incurring program expenses for the Reading For Dogs program. Temporarily restricted net assets as of September 30, 2010 and 2009, respectively, are restricted by donors for the following purposes:

	<u>2010</u>	<u>2009</u>
Reading for dogs program	\$ -	\$ 15,000
Restricted for future operations	<u>141,000</u>	<u>141,000</u>
	<u>\$ 141,000</u>	<u>\$ 156,000</u>

As of September 30, 2010 and 2009, permanently restricted net assets consist of the following:

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

	<u>2010</u>	<u>2009</u>
A.T. Jones	\$ 880,000	\$ 880,000
J.B. Merrill	30,000	30,000
E. Blashfield	10,875	10,875
A. Allen	5,474	5,474
M.B. Scanlon	<u>179,795</u>	<u>179,795</u>
	1,106,144	1,106,144
Cemetery, perpetual care and maintenance fund – restricted as to principal, with current income available for the general purposes of Bideawee after deducting for the costs of the perpetual care and maintenance	<u>7,657,476</u>	<u>7,562,766</u>
	8,763,620	8,668,910
Beneficial interest in perpetual trust	325,827	372,886
Beneficial interest in charitable remainder trusts	<u>152,541</u>	<u>154,408</u>
	<u>\$ 9,241,988</u>	<u>\$ 9,196,204</u>

The Board of Bideawee recognizes that NYS adopted as law the New York Prudent Management of Institutional Funds Act ("NYPMIFA") on September 17, 2010. NYPMIFA replaces prior law which was the Uniform Management of Institutional Funds Act ("UMIFA").

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 – RESTRICTED NET ASSETS (Continued)

In addition, the Board recognizes that NYPMIFA requires that the Board appropriate for expenditure all earnings of such funds (both realized and unrealized) with a presumption of prudence to a ceiling of 7% annually based on a quarterly rolling 5-year average of such earnings.

The Board explicitly appropriates all earnings as of and prior to September 30, 2010, whether deemed spent or not as unrestricted. Beginning with the fiscal 2011 year, the Board (or a designated committee of the Board) will determine (quarterly, using a rolling 5 year average) how much of the earnings of such permanently restricted funds shall be appropriated for expenditure up to 7%, as deemed prudent at the time. Any unappropriated earnings that would otherwise be considered unrestricted by the donor will be reflected as temporarily restricted until appropriated.

Changes in endowment net assets for year ended September 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Investment earnings on endowment funds	\$ 505,071	\$ -
Earnings appropriated for expenditures	(505,071)	-
Cemetery maintenance fees received	<u>94,710</u>	<u>75,115</u>
Total change in endowment net assets	94,710	75,115
Endowment net assets, beginning of year	<u>8,668,910</u>	<u>8,593,795</u>
Endowment net assets, end of year	<u>\$ 8,763,620</u>	<u>\$ 8,668,910</u>

Endowment net assets are included with investments on the accompanying statements of financial position as of September 30, 2010 and 2009.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Bideawee to retain as a fund of perpetual duration. In accordance with Bideawee's policy noted at Note 21, deficiencies of this nature are reported in either restricted or unrestricted net assets.

NOTE 9 – FAIR VALUE MEASUREMENTS

Financial assets carried at fair value at September 30, 2010 and 2009 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>2010 Total</u>
ASSETS CARRIED AT FAIR VALUE			
Cash Equivalents:			
Money market funds	\$ 133,047	\$ -	\$ 133,047
Investments:			
Mutual funds	4,854,875	-	4,854,875
Federal mortgage backed securities	3,223,975	-	3,223,975
U.S. government obligations	3,192,519	-	3,192,519
Municipal government obligations	526,937	-	526,937
Corporate obligations	-	588,876	588,876
Money market funds	3,021,316	-	3,021,316
Beneficial Interest in Trusts	<u>-</u>	<u>478,368</u>	<u>478,368</u>
TOTAL ASSETS AT FAIR VALUE	<u>\$ 14,952,669</u>	<u>\$ 1,067,244</u>	<u>\$ 16,019,913</u>

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

NOTE 9 – FAIR VALUE MEASUREMENTS (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>2009 Total</u>
ASSETS CARRIED AT FAIR VALUE			
Cash Equivalents:			
Money market funds	\$ 270,508	\$ -	\$ 270,508
Investments:			
Mutual funds	4,485,585	-	4,485,585
Federal mortgage backed securities	3,221,032	-	3,221,032
U.S. government obligations	2,523,693	-	2,523,693
Municipal government obligations	145,410	-	145,410
Corporate obligations	-	338,635	338,635
Money market funds	50,786	-	50,786
Beneficial Interest in Trusts	<u>-</u>	<u>527,294</u>	<u>527,294</u>
TOTAL ASSETS AT FAIR VALUE	<u>\$ 10,697,014</u>	<u>\$ 865,929</u>	<u>\$ 11,562,943</u>

NOTE 10 – CONCENTRATIONS

- A. Financial instruments that potentially subject Bideawee to a concentration risk include cash and cash equivalent held with banks that were either not insured or in excess of FDIC insurance limits by approximately \$487,000 and \$376,000 as of September 30, 2010 and 2009, respectively. The basic limit on FDIC is \$250,000 for interest bearing accounts, which was made permanent on July 10, 2010, and the coverage for noninterest-bearing accounts is unlimited until December 31, 2012.
- B. During the year ended September 30, 2010, Bideawee received bequests of \$3,000,000 and \$900,000 from two individuals accounting for 32% of total revenue for the year ended September 30, 2010.

NOTE 11 – COMMITMENT AND CONTINGENCIES

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 reasonable 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.