



**Financial Statements  
(Together with Independent Auditors' Report)**

**Years Ended September 30, 2018 and 2017**

**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, 2018 AND 2017**

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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 of the statements of financial position as of September 30, 2018 and 2017, 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 audits 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, 2018 and 2017, 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.

*Marks Paneth LLP*

New York, NY  
February 28, 2019

**BIDEAWEE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2B and 10A)	\$ 2,966,836	\$ 1,498,735
Bequests, legacies, and other receivables, net (Notes 2C and 3)	1,266,919	1,070,702
Inventory (Note 2D)	171,602	190,754
Investments (Notes 2E, 2F, 4 and 9)	16,403,721	16,554,243
Prepaid expenses and other assets	153,412	184,153
Property and equipment, net (Notes 2H and 5)	6,141,395	6,639,510
Beneficial interest in trusts (Notes 2M, 8 and 9)	914,793	931,812
<b>TOTAL ASSETS</b>	<b>\$ 28,018,678</b>	<b>\$ 27,069,909</b>
<b>LIABILITIES</b>		
Accounts payable, accrued expenses and other liabilities	\$ 445,898	\$ 748,338
Deferred revenue (Note 2I)	-	11,610
Capital lease obligations payable (Note 6)	2,448	9,562
<b>TOTAL LIABILITIES</b>	<b>448,346</b>	<b>769,510</b>
<b>COMMITMENTS AND CONTINGENCIES</b> (Notes 6 and 11)		
<b>NET ASSETS</b> (Notes 2J and 8)		
Unrestricted		
Available for operations	8,672,328	7,760,946
Net investment in property and equipment	6,138,947	6,629,948
Total unrestricted	14,811,275	14,390,894
Temporarily restricted (Note 8)	1,383,921	916,368
Permanently restricted (Note 8)	11,375,136	10,993,137
<b>TOTAL NET ASSETS</b>	<b>27,570,332</b>	<b>26,300,399</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 28,018,678</b>	<b>\$ 27,069,909</b>

**BIDEAWEE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	For the Year Ended September 30, 2018			For the Year Ended September 30, 2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2018	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>								
Special events revenue	\$ 700,835	\$ -	\$ -	\$ 700,835	\$ 655,511	\$ -	\$ -	\$ 655,511
Less: costs of direct benefits to donors	(103,892)	-	-	(103,892)	(122,492)	-	-	(122,492)
Special events, net	596,943	-	-	596,943	533,019	-	-	533,019
Bequests and legacies (Notes 2C and 10B)	5,925,988	-	-	5,925,988	4,567,620	-	-	4,567,620
Contributions (Note 2C and 8)	1,502,910	456,127	10,303	1,969,340	2,193,131	171,662	-	2,364,793
In-kind contributions (Note 2C)	105,385	-	-	105,385	67,327	-	-	67,327
Adoption Centers, Animal Hospitals, Loving Legacy and other fees (Note 2K)	1,354,824	-	-	1,354,824	2,165,716	-	-	2,165,716
Cemetery maintenance fees (Note 2L)	192,713	-	157,519	350,232	227,916	-	135,597	363,513
Other income (Note 1)	150,000	-	-	150,000	-	-	-	-
Miscellaneous income	70,176	-	-	70,176	52,469	-	-	52,469
Investment income, net of investment fees (Notes 4 and 8)	8,127	708,166	-	716,293	166,852	1,036,575	-	1,203,427
Change in value of beneficial interest in split interest agreements (Note 2M)	-	-	(17,019)	(17,019)	-	-	98,399	98,399
Reclassification of unrestricted net assets (Note 8)	(231,196)	-	231,196	-	-	-	-	-
Net assets released from restrictions (Note 8)	696,740	(696,740)	-	-	459,760	(459,760)	-	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>10,372,610</b>	<b>467,553</b>	<b>381,999</b>	<b>11,222,162</b>	<b>10,433,810</b>	<b>748,477</b>	<b>233,996</b>	<b>11,416,283</b>
<b>EXPENSES:</b>								
Program Services								
Adoption Centers	3,728,039	-	-	3,728,039	3,780,486	-	-	3,780,486
Animal Hospitals	1,665,142	-	-	1,665,142	2,202,288	-	-	2,202,288
Behavior, learning and volunteers	517,520	-	-	517,520	494,339	-	-	494,339
Memorial parks	945,670	-	-	945,670	961,624	-	-	961,624
Loving Legacy	77,765	-	-	77,765	89,283	-	-	89,283
Total program services	6,934,136	-	-	6,934,136	7,528,020	-	-	7,528,020
Supporting Services:								
Management and general	1,205,892	-	-	1,205,892	1,352,064	-	-	1,352,064
Fundraising	1,812,201	-	-	1,812,201	1,739,282	-	-	1,739,282
Total supporting services	3,018,093	-	-	3,018,093	3,091,346	-	-	3,091,346
<b>TOTAL EXPENSES</b>	<b>9,952,229</b>	<b>-</b>	<b>-</b>	<b>9,952,229</b>	<b>10,619,366</b>	<b>-</b>	<b>-</b>	<b>10,619,366</b>
<b>CHANGE IN NET ASSETS</b>	<b>420,381</b>	<b>467,553</b>	<b>381,999</b>	<b>1,269,933</b>	<b>(185,556)</b>	<b>748,477</b>	<b>233,996</b>	<b>796,917</b>
<b>Net assets - beginning of year</b>	<b>14,390,894</b>	<b>916,368</b>	<b>10,993,137</b>	<b>26,300,399</b>	<b>14,576,450</b>	<b>167,891</b>	<b>10,759,141</b>	<b>25,503,482</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 14,811,275</b>	<b>\$ 1,383,921</b>	<b>\$ 11,375,136</b>	<b>\$ 27,570,332</b>	<b>\$ 14,390,894</b>	<b>\$ 916,368</b>	<b>\$ 10,993,137</b>	<b>\$ 26,300,399</b>

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

**BIDEAWEE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
**(With Comparative Totals for 2017)**

	For the Year Ended September 30, 2018						Supporting Services				
	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	Total 2017
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	\$ 4,969,745
Payroll taxes and employee benefits (Note 7)	490,490	246,392	73,683	173,938	1,418	985,921	140,546	128,377	268,923	1,254,844	1,371,627
<b>Salaries and Related Costs</b>	<b>2,112,985</b>	<b>1,099,081</b>	<b>315,884</b>	<b>623,722</b>	<b>9,683</b>	<b>4,161,355</b>	<b>847,974</b>	<b>712,096</b>	<b>1,560,070</b>	<b>5,721,425</b>	<b>6,341,372</b>
Professional fees (Note 2C)	156,262	43,518	11,197	5,979	-	216,956	105,864	92,097	197,961	414,917	571,296
Medical supplies	258,728	194,393	-	-	-	453,121	-	-	-	453,121	558,008
Pet memorial park supplies	258	-	-	103,241	-	103,499	-	-	-	103,499	97,580
Pet supplies (Note 2C)	179,835	6,134	884	-	-	186,853	-	-	-	186,853	135,541
Occupancy	213,745	64,841	19,540	39,889	6,820	344,835	20,808	26,248	47,056	391,891	355,632
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	281,109
Non-cap software and hardware	12,355	7,263	3,749	8,745	1	32,113	3,254	1,731	4,985	37,098	30,615
Insurance	75,533	26,459	14,178	18,497	8,464	143,131	10,656	13,170	23,826	166,957	173,369
Staff development and dues	4,126	7,373	1,565	434	39	13,537	4,315	17,326	21,641	35,178	35,222
Travel	15,796	3,812	2,365	20,857	68	42,898	5,970	6,330	12,300	55,198	64,834
Telephone and network management	45,220	37,351	11,236	11,574	456	105,837	17,646	17,465	35,111	140,948	121,537
Meetings and seminars	6,149	4,025	4,334	1,055	111	15,674	7,779	6,388	14,167	29,841	22,117
Postage	4,438	1,236	3,000	5,106	5	13,785	1,011	110,414	111,425	125,210	122,205
Miscellaneous	71,631	16,489	8,111	15,438	560	112,229	8,029	19,742	27,771	140,000	135,049
Bank charges	4,555	17,177	25	9,977	-	31,734	10,448	39,907	50,355	82,089	90,052
Marketing, newsletter and publications	118,130	16,362	44,624	27,593	-	206,709	80,704	449,156	529,860	736,569	708,202
Catering and entertainment (Note 2C)	52	-	-	-	-	52	-	302,085	302,085	302,137	217,885
Bad debt expense	-	-	-	-	-	-	34,310	359	34,669	34,669	65,856
Depreciation (Note 5)	257,903	74,164	56,272	23,587	47,800	459,726	34,472	84,937	119,409	579,135	614,377
<b>Subtotal</b>	<b>3,728,039</b>	<b>1,665,142</b>	<b>517,520</b>	<b>945,670</b>	<b>77,765</b>	<b>6,934,136</b>	<b>1,205,892</b>	<b>1,916,093</b>	<b>3,121,985</b>	<b>10,056,121</b>	<b>10,741,858</b>
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	(103,892)	(103,892)	(103,892)	(122,492)
<b>TOTAL EXPENSES</b>	<b>\$ 3,728,039</b>	<b>\$ 1,665,142</b>	<b>\$ 517,520</b>	<b>\$ 945,670</b>	<b>\$ 77,765</b>	<b>\$ 6,934,136</b>	<b>\$ 1,205,892</b>	<b>\$ 1,812,201</b>	<b>\$ 3,018,093</b>	<b>\$ 9,952,229</b>	<b>\$ 10,619,366</b>

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

**BIDEAWEE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	For the Year Ended September 30, 2017									
	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 2017
Salaries	\$ 1,671,354	\$ 1,110,082	\$ 251,032	\$ 471,785	\$ 10,056	\$ 3,514,309	\$ 819,711	\$ 635,725	\$ 1,455,436	\$ 4,969,745
Payroll taxes and employee benefits (Note 7)	545,660	300,256	71,343	182,913	1,442	1,101,614	139,520	130,493	270,013	1,371,627
<b>Salaries and Related Costs</b>	2,217,014	1,410,338	322,375	654,698	11,498	4,615,923	959,231	766,218	1,725,449	6,341,372
Professional fees (Note 2C)	194,490	112,252	9,123	8,791	-	324,656	162,140	84,500	246,640	571,296
Medical supplies	222,518	335,490	-	-	-	558,008	-	-	-	558,008
Pet memorial park supplies	-	-	-	97,580	-	97,580	-	-	-	97,580
Pet supplies (Note 2C)	120,887	13,962	692	-	-	135,541	-	-	-	135,541
Occupancy	194,733	59,148	17,656	35,088	5,423	312,048	19,290	24,294	43,584	355,632
Repairs and maintenance (Note 2C)	158,680	42,704	16,339	32,246	2,327	252,296	12,762	16,051	28,813	281,109
Non-cap software and hardware	4,656	3,842	3,495	8,966	1	20,960	3,032	6,623	9,655	30,615
Insurance	78,419	27,494	14,739	19,227	8,797	148,676	11,023	13,670	24,693	173,369
Staff development and dues	5,335	8,243	2,352	243	36	16,209	2,263	16,750	19,013	35,222
Travel	24,588	5,127	1,970	20,537	92	52,314	7,420	5,100	12,520	64,834
Telephone and network management	37,062	33,259	9,788	10,351	414	90,874	15,864	14,799	30,663	121,537
Meetings and seminars	5,280	2,546	3,050	1,473	87	12,436	5,829	3,852	9,681	22,117
Postage	934	1,853	1,309	4,041	9	8,146	1,203	112,856	114,059	122,205
Miscellaneous	69,592	22,793	7,961	16,332	89	116,767	9,155	9,127	18,282	135,049
Bank charges	4,382	31,405	32	10,332	-	46,151	7,479	36,422	43,901	90,052
Marketing, newsletter and publications	176,460	14,751	23,984	16,432	13,000	244,627	40,235	423,340	463,575	708,202
Catering and entertainment (Note 2C)	-	-	-	-	-	-	-	217,885	217,885	217,885
Bad debt expense	-	-	-	-	-	-	56,878	8,978	65,856	65,856
Depreciation (Note 5)	265,456	77,081	59,474	25,287	47,510	474,808	38,260	101,309	139,569	614,377
<b>Subtotal</b>	3,780,486	2,202,288	494,339	961,624	89,283	7,528,020	1,352,064	1,861,774	3,213,838	10,741,858
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	(122,492)	(122,492)	(122,492)
<b>TOTAL EXPENSES</b>	<b>\$ 3,780,486</b>	<b>\$ 2,202,288</b>	<b>\$ 494,339</b>	<b>\$ 961,624</b>	<b>\$ 89,283</b>	<b>\$ 7,528,020</b>	<b>\$ 1,352,064</b>	<b>\$ 1,739,282</b>	<b>\$ 3,091,346</b>	<b>\$ 10,619,366</b>

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

**BIDEAWEE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,269,933	\$ 796,917
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	579,135	614,377
Bad debt expense	34,669	65,856
Permanently restricted cemetery maintenance fees	(157,519)	(135,597)
Permanently restricted contributions	(10,303)	-
Loss on disposal of property and equipment	1,825	2,157
Unrealized loss (gain) on investments	86,561	(433,222)
Realized gain on investments	(416,286)	(348,150)
Subtotal	1,388,015	562,338
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Bequests, legacies, and other receivables	(230,886)	(995,159)
Inventory	19,152	12,011
Prepaid expenses and other assets	30,741	(54,676)
Increase (decrease) in liabilities:		
Accounts payable, accrued expenses, and other liabilities	(302,440)	181,787
Deferred revenue	(11,610)	11,610
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>892,972</b>	<b>(282,089)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(5,640,471)	(4,062,924)
Proceeds from investment sales	6,120,718	4,205,105
Purchases of property and equipment	(82,845)	(58,525)
<b>Net Cash Provided by Investing Activities</b>	<b>397,402</b>	<b>83,656</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Change in value of beneficial interest in trusts	17,019	(98,399)
Permanently restricted cemetery maintenance fees	157,519	135,597
Permanently restricted contributions	10,303	-
Principal repayments on capital lease obligations payable	(7,114)	(10,382)
<b>Net Cash Provided by Financing Activities</b>	<b>177,727</b>	<b>26,816</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,468,101</b>	<b>(171,617)</b>
Cash and cash equivalents - beginning of year	1,498,735	1,670,352
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 2,966,836</b>	<b>\$ 1,498,735</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 771	\$ 2,168

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



**BIDEAWEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018 AND 2017**

**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 and it 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, 2018 and 2017, Bideawee determined that an allowance for uncollectible accounts of \$302,148 and \$308,434, 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 years ended September 30, 2018 and 2017, Bideawee received \$105,385 and \$67,327, 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, 2018 AND 2017**

**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 unrestricted net assets, 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. **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 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.
  - 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.
- K. **Memorial Park 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 memorial park maintenance fees in the accompanying statements of activities.
- 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, INC.**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

- 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.
- 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.

**NOTE 3 – BEQUESTS, LEGACIES AND OTHER RECEIVABLES, NET**

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

	2018	2017
Amount due in less than one year:		
Bequests and legacies	\$ 1,064,478	\$ 899,079
Other receivables	504,589	480,057
	1,569,067	1,379,136
Less: allowance for uncollectible amounts	(302,148)	(308,434)
	\$ 1,266,919	\$ 1,070,702

**NOTE 4 – INVESTMENTS**

Investments consist of the following as of September 30:

	2018	2017
Money market funds	\$ 265,355	\$ 289,893
Mutual funds	16,138,366	16,264,350
	\$ 16,403,721	\$ 16,554,243

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.

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**NOTE 4 – INVESTMENTS (Continued)**

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

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 445,486	\$ 491,191
Realized gain on investments	416,286	348,150
Unrealized (loss) gain on investments	(86,561)	433,222
Investment fees	<u>(58,918)</u>	<u>(69,136)</u>
	<u>\$ 716,293</u>	<u>\$ 1,203,427</u>

**NOTE 5 – PROPERTY AND EQUIPMENT, NET**

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

	<u>2018</u>	<u>2017</u>	<u>Estimated Useful Lives</u>
Land	\$ 126,080	\$ 126,080	
Buildings and improvements	16,428,456	16,417,068	10-40 years
Office equipment, furniture and vehicles	1,743,314	1,703,281	5-20 years
Construction in Progress	<u>-</u>	<u>4,190</u>	
	18,297,850	18,250,619	
Less: accumulated depreciation	<u>(12,156,455)</u>	<u>(11,611,109)</u>	
	<u>\$ 6,141,395</u>	<u>\$ 6,639,510</u>	

Depreciation expense amounted to \$579,135 and \$614,377 (including \$7,547 and \$10,922, respectively, on capital leased equipment) for the years ended September 30, 2018 and 2017, respectively. During the years ended September 30, 2018 and 2017, Bideawee disposed of certain fixed assets no longer in use amounting to \$35,614 and \$17,353, respectively, resulting in a loss from disposal of \$1,825 and \$2,157, respectively.

**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 rate implicit in the lease agreements. Such rates range from 5.25% to 5.50%. Minimum future lease payments subsequent to September 30, 2018 are as follows:

2019	<u>\$ 2,810</u>
Total minimum lease payments	2,810
Less: amounts representing interest	<u>(362)</u>
	<u>\$ 2,448</u>

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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 pre-tax basis, which 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 \$115,930 and \$146,661 for the years ended September 30, 2018 and 2017, respectively.

**NOTE 8 – RESTRICTED NET ASSETS**

Net assets of \$696,740 and \$459,760 were released from restrictions during the years ended September 30, 2018 and 2017, respectively, by incurring program expenses. During the year ended September 30, 2018, \$231,196 of contributions from prior years were reclassified from unrestricted net assets to permanently restricted net assets based on donor's request.

Temporarily restricted net assets as of September 30, 2018 and 2017, are restricted by donors for the following purposes:

	2018	2017
Purpose restricted:		
Veterinary Medical Assistance Fund	\$ 21,934	\$ 25,971
Adoption Center	10,352	55,303
Joe Garrison Memorial	4,029	8,435
Restricted for future operations	1,000	1,000
Unappropriated endowment earnings	1,208,355	819,189
Wiederhold Hospital	135,000	-
Other	3,251	6,470
	\$ 1,383,921	\$ 916,368

As of September 30, 2018 and 2017, permanently restricted net assets consisted of the following:

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

	2018	2017
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	258,874	17,375
Vandivert	140,000	140,000
	\$ 1,505,018	\$ 1,263,519

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**NOTE 8 – RESTRICTED NET ASSETS (Continued)**

	2018	2017
Endowment funds from previous page	\$ 1,505,018	\$ 1,263,519
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	<u>8,955,325</u> 10,460,343	<u>8,797,806</u> 10,061,325
Beneficial interest in perpetual trust	889,699	906,571
Beneficial interest in charitable remainder trusts	<u>25,094</u>	<u>25,241</u>
	\$ 11,375,136	\$ 10,993,137

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 unrestricted by the donor will be reflected as temporarily 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 permanently restricted net assets, and investment earnings on these funds are reported as temporarily restricted net assets 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. As of September 30, 2018 and 2017, 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).

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**NOTE 8 – RESTRICTED NET ASSETS (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>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment earnings	\$ 91,533	\$ -	\$ 91,533
Permanently restricted contributions	-	10,303	10,303
Reclassification of unrestricted net assets		231,196	231,196
Appropriation for expenditure	(41,232)	-	(41,232)
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 donor-restricted endowment activities of Bideawee for the year ended September 30, 2017:

	<u>Donor-Restricted Endowment Funds</u>		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment earnings	\$ 133,981	\$ -	\$ 133,981
Appropriation for expenditure	(44,601)	-	(44,601)
Total endowment activity	89,380	-	89,380
Endowment net assets, beginning of year	<u>16,503</u>	<u>1,263,519</u>	<u>1,280,022</u>
Endowment net assets, end of year	<u>\$ 105,883</u>	<u>\$ 1,263,519</u>	<u>\$ 1,369,402</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>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment earnings	\$ 616,633	\$ -	\$ 616,633
Cemetery maintenance fees received	-	157,519	157,519
Appropriation for expenditure	(277,768)	-	(277,768)
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**  
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**NOTE 8 – RESTRICTED NET ASSETS (Continued)**

The following table summarizes funds functioning as endowment activities of Bideawee for the year ended September 30, 2017:

	Funds Functioning as Endowments		
	Temporarily Restricted	Permanently Restricted	Total
Investment earnings	\$ 902,594	\$ -	\$ 902,594
Cemetery maintenance fees received	-	135,597	135,597
Appropriation for expenditure	(300,464)	-	(300,464)
Total endowment activity	602,130	135,597	727,727
Endowment net assets, beginning of year	111,176	8,662,209	8,773,385
Endowment net assets, end of year	\$ 713,306	\$ 8,797,806	\$ 9,511,112

Endowment net assets are included with investments on the accompanying statements of financial position as of September 30, 2018 and 2017.

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 2J, deficiencies of this nature are reported in either restricted or unrestricted net assets.

**NOTE 9 – 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.



**BIDEAWEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 – FAIR VALUE MEASUREMENT (Continued)**

Following is a description of the valuation methodologies used for assets measured at fair value at September 30, 2018 and 2017.

**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.

**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.

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	-	914,793	914,793
Investments at Fair Value	<u>\$16,403,721</u>	<u>\$ 914,793</u>	<u>\$17,318,514</u>

Financial assets measured at fair value on a recurring basis as of September 30, 2017 are presented in the table by fair value hierarchy as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total 2017</u>
Money market funds	\$ 289,893	\$ -	\$ 289,893
Mutual funds:	16,264,350		16,264,350
Beneficial interest in trusts	-	931,812	931,812
Investments at Fair Value	<u>\$16,554,243</u>	<u>\$ 931,812</u>	<u>\$17,486,055</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, 2018 and 2017. 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.

**BIDEAWEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 – FAIR VALUE MEASUREMENT (Continued)**

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

Balance - October 1, 2016	\$ 833,413
Total gains or losses recognized in the change in permanently restricted net assets – change in value of perpetual trusts	<u>98,399</u>
Balance - October 1, 2017	931,812
Total gains or losses recognized in the change in permanently restricted net assets – change in value of perpetual trusts	<u>(17,019)</u>
Balance - September 30, 2018	<u>\$ 914,793</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 10 – 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, 2018 and 2017, there was approximately \$2,339,000 and \$946,000, respectively, of cash and cash equivalents held by two banks that exceeded FDIC limits. Such excess includes outstanding checks.
- 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. During the year ended September 30, 2017, Bideawee received two bequest payments from one estate totaling \$1,125,000 which represented approximately 10% of total revenue for the year ended September 30, 2017.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

- A. Bideawee believes it has no uncertain tax positions as of September 30, 2018 and 2017 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.
- B. 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 12 – SUBSEQUENT EVENTS**

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through February 28, 2019, the date of the financial statements were available to be issued.