



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

Years Ended September 30, 2014 and 2013

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, 2014 AND 2013

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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., which comprise the statements of financial position as of September 30, 2014 and 2013, 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 of 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, Inc. as of September 30, 2014 and 2013, 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
January 30, 2015



BIDEAWEE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2014 AND 2013

	2014	2013
ASSETS		
Cash and cash equivalents (Notes 2B and 10A)	\$ 1,032,104	\$ 1,139,633
Bequests, legacies, and other receivables, net (Notes 2C and 3)	844,245	69,078
Inventory (Note 2D)	129,852	129,560
Prepaid expenses and other assets	89,906	103,144
Investments (Notes 2E, 2F, 4 and 9)	16,621,292	17,366,214
Property and equipment, net (Notes 2H and 5)	8,001,914	8,463,177
Beneficial interest in trusts (Notes 2K, 8 and 9)	747,565	593,959
TOTAL ASSETS	\$ 27,466,878	\$ 27,864,765
LIABILITIES		
Accounts payable, accrued expenses and other liabilities	\$ 661,056	\$ 737,942
Capital lease obligations payable (Note 6)	24,768	30,989
TOTAL LIABILITIES	685,824	768,931
COMMITMENTS (Notes 6 and 11)		
NET ASSETS (Note 2I)		
Unrestricted		
Available for operations	8,448,182	8,609,884
Net investment in property and equipment	7,977,146	8,432,188
Total unrestricted	16,425,328	17,042,072
Temporarily restricted (Note 8)	150,476	144,452
Permanently restricted (Note 8)	10,205,250	9,909,310
TOTAL NET ASSETS	26,781,054	27,095,834
TOTAL LIABILITIES AND NET ASSETS	\$ 27,466,878	\$ 27,864,765

BIDEAWEE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>For the Year Ended September 30, 2014</u>				<u>For the Year Ended September 30, 2013</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2014</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2013</u>
REVENUES, GAINS AND OTHER SUPPORT:								
Special events revenue	\$ 357,011	\$ -	\$ -	\$ 357,011	\$ 314,720	\$ -	\$ -	\$ 314,720
Less: costs of direct benefits to donors	<u>(70,015)</u>	<u>-</u>	<u>-</u>	<u>(70,015)</u>	<u>(82,141)</u>	<u>-</u>	<u>-</u>	<u>(82,141)</u>
Special events, net	286,996	-	-	286,996	232,579	-	-	232,579
Bequests and legacies (Notes 2C and 10B)	4,163,368	-	2,250	4,165,618	3,039,430	-	2,000	3,041,430
Contributions (Note 2C)	1,801,009	10,000	-	1,811,009	2,079,750	10,000	-	2,089,750
In-kind contributions (Note 2C)	50,084	-	-	50,084	106,604	-	-	106,604
Adoption Centers, Animal Hospitals, Loving Legacy and other fees	2,168,251	-	-	2,168,251	2,048,478	-	-	2,048,478
Cemetery maintenance fees (Note 2J)	260,549	-	140,084	400,633	250,840	-	250,090	500,930
Miscellaneous income	80,358	-	-	80,358	64,040	-	-	64,040
Investment income, net of investment fees (Notes 4 and 8)	798,730	-	-	798,730	751,815	-	-	751,815
Change in value of beneficial interest in split interest agreements (Note 2K)	-	-	153,606	153,606	-	-	(67,751)	(67,751)
Net assets released from restrictions (Note 8)	<u>3,976</u>	<u>(3,976)</u>	<u>-</u>	<u>-</u>	<u>10,523</u>	<u>(10,523)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>9,613,321</u>	<u>6,024</u>	<u>295,940</u>	<u>9,915,285</u>	<u>8,584,059</u>	<u>(523)</u>	<u>184,339</u>	<u>8,767,875</u>
EXPENSES:								
Program Services								
Adoption Centers	3,721,339	-	-	3,721,339	3,530,627	-	-	3,530,627
Animal Hospitals	2,355,325	-	-	2,355,325	2,073,747	-	-	2,073,747
Behavior, learning and volunteers	600,298	-	-	600,298	434,639	-	-	434,639
Memorial parks	1,014,975	-	-	1,014,975	1,046,677	-	-	1,046,677
Loving Legacy program	84,408	-	-	84,408	152,386	-	-	152,386
Total program services	<u>7,776,345</u>	<u>-</u>	<u>-</u>	<u>7,776,345</u>	<u>7,238,076</u>	<u>-</u>	<u>-</u>	<u>7,238,076</u>
Supporting Services:								
Management and general	963,266	-	-	963,266	1,110,865	-	-	1,110,865
Fundraising	1,490,454	-	-	1,490,454	1,773,745	-	-	1,773,745
Total supporting services	<u>2,453,720</u>	<u>-</u>	<u>-</u>	<u>2,453,720</u>	<u>2,884,610</u>	<u>-</u>	<u>-</u>	<u>2,884,610</u>
TOTAL EXPENSES	<u>10,230,065</u>	<u>-</u>	<u>-</u>	<u>10,230,065</u>	<u>10,122,686</u>	<u>-</u>	<u>-</u>	<u>10,122,686</u>
CHANGE IN NET ASSETS	(616,744)	6,024	295,940	(314,780)	(1,538,627)	(523)	184,339	(1,354,811)
Net assets, beginning of year	<u>17,042,072</u>	<u>144,452</u>	<u>9,909,310</u>	<u>27,095,834</u>	<u>18,580,699</u>	<u>144,975</u>	<u>9,724,971</u>	<u>28,450,645</u>
NET ASSETS - END OF YEAR	<u>\$ 16,425,328</u>	<u>\$ 150,476</u>	<u>\$ 10,205,250</u>	<u>\$ 26,781,054</u>	<u>\$ 17,042,072</u>	<u>\$ 144,452</u>	<u>\$ 9,909,310</u>	<u>\$ 27,095,834</u>

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

BIDEAWEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(With Comparative Totals for September 30, 2013)

	Program Services					Supporting Services			Total 2014	Total 2013	
	Adoption Centers	Animal Hospitals	Behavior, Learning, Volunteers	Memorial Parks	Loving Legacy Program	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries	\$ 1,780,460	\$ 1,254,521	\$ 301,409	\$ 478,178	\$ 8,158	\$ 3,822,726	\$ 512,334	\$ 557,000	\$ 1,069,334	\$ 4,892,060	\$ 4,643,209
Payroll taxes and employee benefits (Note 7)	494,376	320,551	82,824	160,857	953	1,059,561	104,433	122,611	227,044	1,286,605	1,197,742
Salaries and Related Costs	2,274,836	1,575,072	384,233	639,035	9,111	4,882,287	616,767	679,611	1,296,378	6,178,665	5,840,951
Professional fees (Note 2C)	147,797	90,695	9,933	17,181	297	265,903	202,580	40,711	243,291	509,194	635,834
Medical supplies	183,457	295,475	-	-	-	478,932	-	-	-	478,932	448,432
PMP supplies	1,833	699	424	109,463	99	112,518	179	376	555	113,073	116,631
Pet supplies (Note 2C)	136,902	20,004	-	-	-	156,906	-	-	-	156,906	120,298
Occupancy	223,588	62,243	21,469	44,907	12,669	364,876	14,400	23,314	37,714	402,590	388,522
Repairs and maintenance	190,062	43,165	24,792	24,408	765	283,192	8,315	11,876	20,191	303,383	297,851
Non-cap software and hardware	5,086	5,586	2,963	7,974	5	21,614	3,179	2,274	5,453	27,067	20,659
Insurance	70,141	24,575	14,147	16,989	7,656	133,508	6,930	10,653	17,583	151,091	138,605
Staff development and dues	6,828	5,394	109	1,103	13	13,447	2,032	16,424	18,456	31,903	24,700
Travel	9,348	4,773	4,175	21,212	12	39,520	2,327	2,645	4,972	44,492	30,484
Telephone and network management	39,382	34,105	10,034	9,443	228	93,192	9,203	12,290	21,493	114,685	132,461
Meetings and seminars	2,481	2,988	1,829	680	15	7,993	842	2,122	2,964	10,957	15,035
Postage	4,385	1,949	2,928	3,780	4	13,046	1,902	97,446	99,348	112,394	112,420
Miscellaneous	19,645	23,470	8,116	11,449	95	62,775	3,275	12,754	16,029	78,804	68,757
Bank charges	3,529	33,733	61	9,417	-	46,740	11,053	33,458	44,511	91,251	88,991
Marketing, newsletter and publications (Note 2C)	139,996	36,213	41,186	18,579	4,500	240,474	42,089	370,290	412,379	652,853	926,604
Catering and entertainment (Note 2C)	31	27	312	6	1	377	40	133,027	133,067	133,444	129,464
Bad debt expense	1,671	7,769	1,778	42,211	-	53,429	604	5,217	5,821	59,250	37,758
Depreciation (Note 5)	260,341	87,390	71,809	37,138	48,938	505,616	37,549	105,981	143,530	649,146	630,370
Subtotal	3,721,339	2,355,325	600,298	1,014,975	84,408	7,776,345	963,266	1,560,469	2,523,735	10,300,080	10,204,827
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	(70,015)	(70,015)	(70,015)	(82,141)
TOTAL EXPENSES	\$ 3,721,339	\$ 2,355,325	\$ 600,298	\$ 1,014,975	\$ 84,408	\$ 7,776,345	\$ 963,266	\$ 1,490,454	\$ 2,453,720	\$ 10,230,065	\$ 10,122,686

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

BIDEAWEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Program Services					Supporting Services			Total 2013	
	Adoption Centers	Animal Hospitals	Behavior, Learning, Volunteers	Memorial Parks	Loving Legacy Program	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries	\$ 1,630,835	\$ 940,717	\$ 155,517	\$ 492,944	\$ 51,873	\$ 3,271,886	\$ 634,277	\$ 737,046	\$ 1,371,323	\$ 4,643,209
Payroll taxes and employee benefits (Note 7)	469,908	252,940	51,116	141,207	13,675	928,846	117,068	151,828	268,896	1,197,742
Salaries and Related Costs	2,100,743	1,193,657	206,633	634,151	65,548	4,200,732	751,345	888,874	1,640,219	5,840,951
Professional fees (Note 2C)	131,366	234,336	12,033	10,017	113	387,865	161,973	85,996	247,969	635,834
Medical supplies	167,951	280,481	-	-	-	448,432	-	-	-	448,432
PMP supplies	292	345	-	115,912	54	116,603	-	28	28	116,631
Pet supplies (Note 2C)	105,550	13,012	1,311	-	-	119,873	425	-	425	120,298
Occupancy	207,554	48,831	19,395	40,928	17,131	333,839	18,763	35,920	54,683	388,522
Repairs and maintenance	185,881	29,783	16,862	35,210	2,942	270,678	9,958	17,215	27,173	297,851
Non-cap software and hardware	944	7,387	368	7,476	-	16,175	3,252	1,232	4,484	20,659
Insurance	55,645	27,328	11,303	16,938	7,116	118,330	7,275	13,000	20,275	138,605
Staff development and dues	1,443	7,281	1,174	250	-	10,148	5,159	9,393	14,552	24,700
Travel	2,488	2,423	916	18,095	67	23,989	2,606	3,889	6,495	30,484
Telephone and network management	47,756	20,887	11,684	14,154	3,403	97,884	13,047	21,530	34,577	132,461
Meetings and seminars	1,785	462	1,898	82	-	4,227	7,361	3,447	10,808	15,035
Postage	5,531	6,086	1,059	19,713	11	32,400	5,842	74,178	80,020	112,420
Miscellaneous	34,605	14,500	3,725	8,435	-	61,265	2,591	4,901	7,492	68,757
Bank charges	3,532	31,825	178	11,795	-	47,330	8,585	33,076	41,661	88,991
Marketing, newsletter and publications (Note 2C)	220,235	80,628	88,580	48,228	-	437,671	66,320	422,613	488,933	926,604
Catering and entertainment (Note 2C)	852	326	-	150	-	1,328	179	127,957	128,136	129,464
Bad debt expense	300	1,170	-	35,639	-	37,109	-	649	649	37,758
Depreciation (Note 5)	256,174	72,999	57,520	29,504	56,001	472,198	46,184	111,988	158,172	630,370
Subtotal	3,530,627	2,073,747	434,639	1,046,677	152,386	7,238,076	1,110,865	1,855,886	2,966,751	10,204,827
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	(82,141)	(82,141)	(82,141)
TOTAL EXPENSES	\$ 3,530,627	\$ 2,073,747	\$ 434,639	\$ 1,046,677	\$ 152,386	\$ 7,238,076	\$ 1,110,865	\$ 1,773,745	\$ 2,884,610	\$ 10,122,686

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

BIDEAWEE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (314,780)	\$ (1,354,811)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	649,146	630,370
Bad debt expense	59,250	37,758
Permanently restricted cemetery maintenance fees	(140,084)	(250,090)
Unrealized (gain) loss on investments	(362,199)	19,834
Realized gain on investments	(112,547)	(366,278)
Subtotal	(221,214)	(1,283,217)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Bequests, legacies, and other receivables	(834,417)	528,307
Inventory	(292)	(1,197)
Prepaid expenses and other assets	13,238	(18,102)
(Decrease) increase in liabilities:		
Accounts payable, accrued expenses, and security deposits held	(76,886)	(84,721)
Net Cash Used in Operating Activities	(1,119,571)	(858,930)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(8,923,226)	(21,424,248)
Proceeds from investment sales	10,142,894	22,597,350
Purchases of property and equipment	(185,555)	(377,152)
Net Cash Provided by Investing Activities	1,034,113	795,950
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in value of beneficial interest in trusts	(153,606)	67,751
Permanently restricted cemetery maintenance fees	140,084	250,090
Principal repayments on capital lease obligations payable	(8,549)	(12,716)
Net Cash (Used in) Provided by Financing Activities	(22,071)	305,125
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(107,529)	242,145
Cash and cash equivalents - beginning of year	1,139,633	897,488
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,032,104	\$ 1,139,633
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 1,083	\$ 1,608
Supplemental Disclosure of Noncash Investing and Financing Activities:		
Assets acquired through capital lease	\$ 2,328	\$ 37,855

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

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

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 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 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 acquired 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 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, 2014 and 2013, Bideawee determined that an allowance for uncollectible accounts of \$327,566 and \$339,307, 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, 2014 and 2013, Bideawee received \$50,084 and \$106,604, 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.

- 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, 2014 AND 2013

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 classified as 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 \$1,000 or higher and a useful life of greater than one year.
- 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. **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.
- 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, 2014 AND 2013

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. **Reclassification** – Certain line items in the 2013 financial statements have been reclassified to conform to the 2014 financial statements presentation.

NOTE 3 – BEQUESTS, LEGACIES AND OTHER RECEIVABLES

Bequests, legacies and other receivables consist of the following as of September 30, 2014 and 2013:

	2014	2013
Amount due in less than one year:		
Bequests and legacies	\$ 705,688	\$ 3,063
Other receivables	466,123	405,322
	1,171,811	408,385
Less: allowance for uncollectible amounts	(327,566)	(339,307)
	\$ 844,245	\$ 69,078

NOTE 4 – INVESTMENTS

Investments consist of the following as of September 30, 2014 and 2013:

	2014	2013
Money market funds	\$ 2,844,327	\$ 11,095,693
Mutual funds	13,776,965	6,270,521
	\$ 16,621,292	\$ 17,366,214

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, 2014 and 2013:

	2014	2013
Interest and dividends	\$ 393,213	\$ 521,705
Realized gain on investment	112,547	366,278
Unrealized gain (loss) on investment	362,199	(19,834)
Investment fees	(69,229)	(116,334)
	\$ 798,730	\$ 751,815

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of September 30, 2014 and 2013:

	2014	2013	Estimated Useful Lives
Land	\$ 126,080	\$ 126,080	
Buildings and improvements	16,233,987	16,223,712	10-40 years
Office equipment, furniture and vehicles	1,467,186	1,389,258	5-20 years
	17,827,253	17,739,050	
Less: accumulated depreciation	(9,825,339)	(9,275,873)	
	\$ 8,001,914	\$ 8,463,177	

Depreciation expense amounted to \$649,146 and \$630,370 (including \$9,409 and \$12,528, respectively, on capital leased equipment) for the years ended September 30, 2014 and 2013, respectively. During the years ended September 30, 2014 and 2013, Bideawee wrote off certain fixed assets no longer in use amounting to approximately \$100,000 and \$397,000, 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 rate is approximately 5.25%. Minimum future lease payments subsequent to September 30, 2014 are as follows:

2015	\$	10,799
2016		7,225
2017		6,035
2018		3,017
Total minimum lease payments		27,076
Less: amounts representing interest		(2,308)
		\$ 24,768

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 \$149,488 and \$140,142 for the years ended September 30, 2014 and 2013, respectively.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

NOTE 8 – RESTRICTED NET ASSETS

Net assets of \$3,976 and \$10,523 were released from restrictions during the years ended September 30, 2014 and 2013, respectively, by incurring program expenses. Temporarily restricted net assets as of September 30, 2014 and 2013, respectively, are restricted by donors for the following purposes:

	2014	2013
Veterinary Medical Assistance Fund	\$ 3,452	\$ 3,452
Adoption Center	6,024	-
Restricted for future operations	141,000	141,000
	\$ 150,476	\$ 144,452

As of September 30, 2014 and 2013, 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:

	2014	2013
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	7,250	5,000
	1,113,394	1,111,144
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	8,344,291	8,204,207
	9,457,685	9,315,351
Beneficial interest in perpetual trust	619,285	471,208
Beneficial interest in charitable remainder trusts	128,280	122,751
	\$ 10,205,250	\$ 9,909,310

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 of Directors has appropriated all earnings as of and for the years ended September 30, 2014 and 2013, whether deemed spent or not, as unrestricted.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

NOTE 8 – RESTRICTED NET ASSETS (Continued)

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.

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, 2014 and 2013, 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).

Changes in endowment net assets for the years ended September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Investment earnings on endowment funds	\$ 514,882	\$ 476,409
Earnings appropriated for expenditures	(514,882)	(476,409)
Cemetery maintenance fees received	<u>140,084</u>	<u>250,090</u>
Total change in endowment net assets	140,084	250,090
Endowment net assets, beginning of year	<u>9,310,351</u>	<u>9,060,261</u>
Endowment net assets, end of year	<u>\$ 9,450,435</u>	<u>\$ 9,310,351</u>

Endowment net assets are included with investments on the accompanying statements of financial position as of September 30, 2014 and 2013.

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 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.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

NOTE 9 – FAIR VALUE MEASUREMENT (Continued)

- 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, Bidewee 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, 2014 and 2013.

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:

- Bidewee’s percentage interest in the trust, using the most recent valuation available as of year end.
- Bidewee’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, 2014 are presented in the table by fair value hierarchy as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total 2014</u>
Money market funds	\$ 2,844,326	\$ -	\$ 2,844,326
Mutual funds:			
Domestic – fixed income	7,684,523	-	7,684,523
Domestic – equities	3,743,395	-	3,743,395
International – equities	2,349,048	-	2,349,048
Beneficial interest in trusts	<u>-</u>	<u>747,565</u>	<u>747,565</u>
Investments at Fair Value	<u>\$16,621,292</u>	<u>\$ 747,565</u>	<u>\$17,368,857</u>

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

NOTE 9 – FAIR VALUE MEASUREMENTS (Continued)

Financial assets measured at fair value on a recurring basis as of September 30, 2013 are presented in the table by fair value hierarchy as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total 2013</u>
Money market funds	\$11,095,693	\$ -	\$11,095,693
Mutual funds:			
Domestic – fixed income	3,773,844	-	3,773,844
Domestic – equities	1,602,479	-	1,602,479
International – equities	894,198	-	894,198
Beneficial interest in trusts	<u>-</u>	<u>593,959</u>	<u>593,959</u>
Investments at Fair Value	<u>\$17,366,214</u>	<u>\$ 593,959</u>	<u>\$17,960,173</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, 2014 and 2013. 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 never receive those assets or 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, 2013	\$ 661,710
Total gains or losses recognized in the change in permanently restricted net assets – change in value of perpetual trusts	<u>(67,751)</u>
Balance - October 1, 2013	593,959
Total gains or losses recognized in the change in permanently restricted net assets – change in value of perpetual trusts	<u>153,606</u>
Balance - September 30, 2014	<u>\$ 747,565</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. Through December 31, 2012, non-interest bearing accounts were fully insured. Beginning in 2013, non-interest bearing accounts are insured the same as interest bearing accounts, which are insured up to \$250,000 per depositor. As of September 30, 2014 and 2013, there was approximately \$623,000 and \$831,000, respectively, of cash and cash equivalents held by banks that exceeded FDIC limits. Such excess includes outstanding checks.
- B. During the year ended September 30, 2014, Bideawee received a bequest of \$1,114,977 from one individual, which represented approximately 11% of total revenue for the year ended September 30, 2014.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

NOTE 11 – COMMITMENTS AND CONTINGENCIES

- A. Bideawee has no uncertain tax positions as of September 30, 2014 and 2013 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. Bideawee is no longer subject to federal or state and local tax examinations by tax authorities for fiscal years before 2011.
- 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 January 30, 2015, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through January 30, 2015 that would require adjustment to or disclosure in the financial statements.