



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

Years Ended September 30, 2015 and 2014

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, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Bideawee, Inc.

We have audited the accompanying financial statements of Bideawee, Inc., ("Bideawee") which comprise the statements of financial position as of September 30, 2015 and 2014, 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 as of September 30, 2015 and 2014, 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 27, 2016



BIDEAWEE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2015 AND 2014

	2015	2014
ASSETS		
Cash and cash equivalents (Notes 2B and 10A)	\$ 990,089	\$ 1,032,104
Bequests, legacies, and other receivables, net (Notes 2C and 3)	90,900	844,245
Inventory (Note 2D)	183,912	129,852
Prepaid expenses and other assets	106,646	89,906
Investments (Notes 2E, 2F, 4 and 9)	15,805,266	16,621,292
Property and equipment, net (Notes 2H and 5)	7,582,669	8,001,914
Beneficial interest in trusts (Notes 2K, 8 and 9)	846,616	747,565
TOTAL ASSETS	\$ 25,606,098	\$ 27,466,878
LIABILITIES		
Accounts payable, accrued expenses and other liabilities	\$ 756,461	\$ 661,056
Capital lease obligations payable (Note 6)	16,774	24,768
TOTAL LIABILITIES	773,235	685,824
COMMITMENTS AND CONTINGENCIES (Notes 6 and 11)		
NET ASSETS (Notes 2I and 8)		
Unrestricted		
Available for operations	6,504,774	8,448,182
Net investment in property and equipment	7,565,895	7,977,146
Total unrestricted	14,070,669	16,425,328
Temporarily restricted (Note 8)	147,106	150,476
Permanently restricted (Note 8)	10,615,088	10,205,250
TOTAL NET ASSETS	24,832,863	26,781,054
TOTAL LIABILITIES AND NET ASSETS	\$ 25,606,098	\$ 27,466,878

BIDEAWEE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>For the Year Ended September 30, 2015</u>				<u>For the Year Ended September 30, 2014</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2015</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2014</u>
REVENUES, GAINS AND OTHER SUPPORT:								
Special events revenue	\$ 555,650	\$ -	\$ -	\$ 555,650	\$ 357,011	\$ -	\$ -	\$ 357,011
Less: costs of direct benefits to donors	<u>(109,761)</u>	<u>-</u>	<u>-</u>	<u>(109,761)</u>	<u>(70,015)</u>	<u>-</u>	<u>-</u>	<u>(70,015)</u>
Special events, net	445,889	-	-	445,889	286,996	-	-	286,996
Bequests and legacies (Notes 2C and 10B)	2,953,615	-	-	2,953,615	4,163,368	-	2,250	4,165,618
Contributions (Note 2C)	1,942,748	217,462	9,125	2,169,335	1,801,009	10,000	-	1,811,009
In-kind contributions (Note 2C)	39,454	-	-	39,454	50,084	-	-	50,084
Adoption Centers, Animal Hospitals, Loving Legacy and other fees	2,439,743	-	-	2,439,743	2,168,251	-	-	2,168,251
Cemetery maintenance fees (Note 2J)	245,798	-	161,662	407,460	260,549	-	140,084	400,633
Miscellaneous income	58,818	-	-	58,818	80,358	-	-	80,358
Investment (loss) income, net of investment fees (Notes 4 and 8)	(375,205)	-	-	(375,205)	798,730	-	-	798,730
Change in value of beneficial interest in split interest agreements (Note 2K)	-	-	99,051	99,051	-	-	153,606	153,606
Reclassification of temporarily restricted net assets (Note 8)	-	(140,000)	140,000	-	-	-	-	-
Net assets released from restrictions (Note 8)	<u>80,832</u>	<u>(80,832)</u>	<u>-</u>	<u>-</u>	<u>3,976</u>	<u>(3,976)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>7,831,692</u>	<u>(3,370)</u>	<u>409,838</u>	<u>8,238,160</u>	<u>9,613,321</u>	<u>6,024</u>	<u>295,940</u>	<u>9,915,285</u>
EXPENSES:								
Program Services								
Adoption Centers	3,555,470	-	-	3,555,470	3,721,339	-	-	3,721,339
Animal Hospitals	2,388,492	-	-	2,388,492	2,355,325	-	-	2,355,325
Behavior, learning and volunteers	536,668	-	-	536,668	600,298	-	-	600,298
Memorial parks	1,059,874	-	-	1,059,874	1,014,975	-	-	1,014,975
Loving Legacy program	78,771	-	-	78,771	84,408	-	-	84,408
Total program services	<u>7,619,275</u>	<u>-</u>	<u>-</u>	<u>7,619,275</u>	<u>7,776,345</u>	<u>-</u>	<u>-</u>	<u>7,776,345</u>
Supporting Services:								
Management and general	1,002,521	-	-	1,002,521	963,266	-	-	963,266
Fundraising	1,564,555	-	-	1,564,555	1,490,454	-	-	1,490,454
Total supporting services	<u>2,567,076</u>	<u>-</u>	<u>-</u>	<u>2,567,076</u>	<u>2,453,720</u>	<u>-</u>	<u>-</u>	<u>2,453,720</u>
TOTAL EXPENSES	<u>10,186,351</u>	<u>-</u>	<u>-</u>	<u>10,186,351</u>	<u>10,230,065</u>	<u>-</u>	<u>-</u>	<u>10,230,065</u>
CHANGE IN NET ASSETS	(2,354,659)	(3,370)	409,838	(1,948,191)	(616,744)	6,024	295,940	(314,780)
Net assets, beginning 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>
NET ASSETS - END OF YEAR	<u>\$ 14,070,669</u>	<u>\$ 147,106</u>	<u>\$ 10,615,088</u>	<u>\$ 24,832,863</u>	<u>\$ 16,425,328</u>	<u>\$ 150,476</u>	<u>\$ 10,205,250</u>	<u>\$ 26,781,054</u>

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

BIDEAWEE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Comparative Totals for 2014)

	For the Year Ended September 30, 2015										
	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 2015	Total 2014
Salaries	\$ 1,768,572	\$ 1,249,826	\$ 263,353	\$ 470,917	\$ 8,417	\$ 3,761,085	\$ 566,866	\$ 611,000	\$ 1,177,866	\$ 4,938,951	\$ 4,892,060
Payroll taxes and employee benefits (Note 7)	497,120	328,367	73,123	177,587	1,270	1,077,467	108,074	127,554	235,628	1,313,095	1,286,605
Salaries and Related Costs	2,265,692	1,578,193	336,476	648,504	9,687	4,838,552	674,940	738,554	1,413,494	6,252,046	6,178,665
Professional fees (Note 2C)	87,166	90,858	9,502	14,520	156	202,202	189,708	67,384	257,092	459,294	509,194
Medical supplies	151,915	340,505	-	-	-	492,420	-	-	-	492,420	478,932
PMP supplies	3,573	-	390	111,938	-	115,901	998	348	1,346	117,247	113,073
Pet supplies (Note 2C)	116,785	10,361	-	-	-	127,146	-	-	-	127,146	156,906
Occupancy	209,024	61,714	18,839	37,344	9,554	336,475	14,803	23,711	38,514	374,989	402,590
Repairs and maintenance (Note 2C)	184,594	50,460	22,202	32,636	2,234	292,126	10,115	15,106	25,221	317,347	303,383
Non-cap software and hardware	3,717	4,413	3,343	10,791	2	22,266	3,340	1,985	5,325	27,591	27,067
Insurance	73,123	26,407	14,208	18,143	8,108	139,989	7,761	12,022	19,783	159,772	151,091
Staff development and dues	5,726	4,796	260	271	26	11,079	4,841	15,907	20,748	31,827	31,903
Travel	6,663	8,273	3,726	21,301	17	39,980	2,953	4,042	6,995	46,975	44,492
Telephone and network management	42,185	37,344	9,945	10,926	406	100,806	11,365	14,201	25,566	126,372	114,685
Meetings and seminars	2,877	4,333	2,754	233	56	10,253	2,399	2,742	5,141	15,394	10,957
Postage	4,516	3,312	2,526	5,730	26	16,110	1,486	88,065	89,551	105,661	112,394
Miscellaneous	42,857	21,503	4,437	15,505	232	84,534	2,726	12,369	15,095	99,629	78,804
Bank charges	3,247	32,420	37	9,183	-	44,887	9,346	37,333	46,679	91,566	91,251
Marketing, newsletter and publications	98,394	23,794	40,691	23,426	12	186,317	26,483	319,049	345,532	531,849	652,853
Catering and entertainment (Note 2C)	-	145	207	-	-	352	193	186,118	186,311	186,663	133,444
Bad debt expense	579	-	22	67,526	-	68,127	-	23,535	23,535	91,662	59,250
Depreciation (Note 5)	252,837	89,661	67,103	31,897	48,255	489,753	39,064	111,845	150,909	640,662	649,146
Subtotal	3,555,470	2,388,492	536,668	1,059,874	78,771	7,619,275	1,002,521	1,674,316	2,676,837	10,296,112	10,300,080
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	(109,761)	(109,761)	(109,761)	(70,015)
TOTAL EXPENSES	\$ 3,555,470	\$ 2,388,492	\$ 536,668	\$ 1,059,874	\$ 78,771	\$ 7,619,275	\$ 1,002,521	\$ 1,564,555	\$ 2,567,076	\$ 10,186,351	\$ 10,230,065

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

BIDEAWEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Program Services					Supporting Services			Total 2014	
	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
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
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
Professional fees (Note 2C)	147,797	90,695	9,933	17,181	297	265,903	202,580	40,711	243,291	509,194
Medical supplies	183,457	295,475	-	-	-	478,932	-	-	-	478,932
PMP supplies	1,833	699	424	109,463	99	112,518	179	376	555	113,073
Pet supplies (Note 2C)	136,902	20,004	-	-	-	156,906	-	-	-	156,906
Occupancy	223,588	62,243	21,469	44,907	12,669	364,876	14,400	23,314	37,714	402,590
Repairs and maintenance	190,062	43,165	24,792	24,408	765	283,192	8,315	11,876	20,191	303,383
Non-cap software and hardware	5,086	5,586	2,963	7,974	5	21,614	3,179	2,274	5,453	27,067
Insurance	70,141	24,575	14,147	16,989	7,656	133,508	6,930	10,653	17,583	151,091
Staff development and dues	6,828	5,394	109	1,103	13	13,447	2,032	16,424	18,456	31,903
Travel	9,348	4,773	4,175	21,212	12	39,520	2,327	2,645	4,972	44,492
Telephone and network management	39,382	34,105	10,034	9,443	228	93,192	9,203	12,290	21,493	114,685
Meetings and seminars	2,481	2,988	1,829	680	15	7,993	842	2,122	2,964	10,957
Postage	4,385	1,949	2,928	3,780	4	13,046	1,902	97,446	99,348	112,394
Miscellaneous	19,645	23,470	8,116	11,449	95	62,775	3,275	12,754	16,029	78,804
Bank charges	3,529	33,733	61	9,417	-	46,740	11,053	33,458	44,511	91,251
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
Catering and entertainment (Note 2C)	31	27	312	6	1	377	40	133,027	133,067	133,444
Bad debt expense	1,671	7,769	1,778	42,211	-	53,429	604	5,217	5,821	59,250
Depreciation (Note 5)	260,341	87,390	71,809	37,138	48,938	505,616	37,549	105,981	143,530	649,146
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
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	(70,015)	(70,015)	(70,015)
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

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

BIDEAWEE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,948,191)	\$ (314,780)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	640,662	649,146
Bad debt expense	91,662	59,250
Permanently restricted cemetery maintenance fees	(161,662)	(140,084)
Permanently restricted contributions	(9,125)	(2,250)
Gain on disposal of property and equipment	(14,768)	-
Unrealized loss (gain) on investments	780,136	(362,199)
Realized loss (gain) on investments	24,832	(112,547)
Subtotal	(596,454)	(223,464)
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Bequests, legacies, and other receivables	661,683	(834,417)
Inventory	(54,060)	(292)
Prepaid expenses and other assets	(16,740)	13,238
Increase (decrease) in liabilities:		
Accounts payable, accrued expenses, and security deposits held	95,405	(76,886)
Net Cash Provided by (Used in) Operating Activities	89,834	(1,121,821)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(6,213,398)	(8,923,226)
Proceeds from investment sales	6,224,456	10,142,894
Purchases of property and equipment	(238,028)	(185,555)
Proceeds from the disposition of property and equipment	33,385	-
Net Cash (Used in) Provided by Investing Activities	(193,585)	1,034,113
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in value of beneficial interest in trusts	(99,051)	(153,606)
Permanently restricted cemetery maintenance fees	161,662	140,084
Permanently restricted contributions	9,125	2,250
Principal repayments on capital lease obligations payable	(10,000)	(8,549)
Net Cash Provided by (Used in) Financing Activities	61,736	(19,821)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(42,015)	(107,529)
Cash and cash equivalents - beginning of year	1,032,104	1,139,633
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 990,089	\$ 1,032,104
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 1,143	\$ 1,083
Supplemental Disclosure of Noncash Investing and Financing Activities:		
Assets acquired through capital lease	\$ 2,006	\$ 2,328

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

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

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, 2015 and 2014, Bideawee determined that an allowance for uncollectible accounts of \$317,664 and \$327,566, 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, 2015 and 2014, Bideawee received \$39,454 and \$50,084, 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, 2015 AND 2014

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 three 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. **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, 2015 AND 2014

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.

NOTE 3 – BEQUESTS, LEGACIES AND OTHER RECEIVABLES

Bequests, legacies and other receivables consist of the following as of September 30, 2015 and 2014:

	2015	2014
Amount due in less than one year:		
Bequests and legacies	\$ 30,368	\$ 705,688
Other receivables	378,196	466,123
	408,564	1,171,811
Less: allowance for uncollectible amounts	(317,664)	(327,566)
	\$ 90,900	\$ 844,245

NOTE 4 – INVESTMENTS

Investments consist of the following as of September 30, 2015 and 2014:

	2015	2014
Money market funds	\$ 495,835	\$ 2,844,327
Mutual funds	15,309,431	13,776,965
	\$ 15,805,266	\$ 16,621,292

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, 2015 and 2014:

	2015	2014
Interest and dividends	\$ 500,889	\$ 393,213
Realized (loss) gain on investments	(24,832)	112,547
Unrealized (loss) gain on investments	(780,136)	362,199
Investment fees	(71,126)	(69,229)
	\$ (375,205)	\$ 798,730

BIDEAWEE, INC.
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NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of September 30, 2015 and 2014:

	2015	2014	Estimated Useful Lives
Land	\$ 126,080	\$ 126,080	
Buildings and improvements	16,307,243	16,198,856	10-40 years
Office equipment, furniture and vehicles	1,458,469	1,467,186	5-20 years
Construction in progress	83,175	35,131	
	17,974,967	17,827,253	
Less: accumulated depreciation	(10,392,298)	(9,825,339)	
	\$ 7,582,669	\$ 8,001,914	

Depreciation expense amounted to \$640,662 and \$649,146 (including \$10,017 and \$9,409, respectively, on capital leased equipment) for the years ended September 30, 2015 and 2014, respectively. During the years ended September 30, 2015 and 2014, Bideawee wrote off certain fixed assets no longer in use amounting to approximately \$44,000 and \$100,000, respectively. A vehicle with a net book value of \$18,617 was sold for \$33,385 resulting in a gain of \$14,768. The gain on disposal amounted to \$14,768 and \$0 for the years ended September 30, 2015 and 2014, respectively, and are included in miscellaneous income in the accompanying statements of activities. The construction in progress is primarily related to the construction of an adoption van which was 40% completed as of September 30, 2015. The total estimated cost to complete the project is \$105,000 of a total expected cost of \$151,000. The project is expected to be completed in January 2016.

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, 2015 are as follows:

2016	\$ 8,910
2017	6,759
2018	3,379
Total minimum lease payments	19,048
Less: amounts representing interest	(2,274)
	\$ 16,774

Minimum future lease payments subsequent to September 30, 2014 were 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

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 \$133,955 and \$149,488 for the years ended September 30, 2015 and 2014, respectively.

NOTE 8 – RESTRICTED NET ASSETS

Net assets of \$80,832 and \$3,976 were released from restrictions during the years ended September 30, 2015 and 2014, respectively, by incurring program expenses. \$140,000 of temporarily restricted net assets were reclassified to permanently restricted net assets during the year ended September 30, 2015 based on review of the fund agreement.

Temporarily restricted net assets as of September 30, 2015 and 2014, respectively, are restricted by donors for the following purposes:

	2015	2014
Purpose restricted:		
Veterinary Medical Assistance Fund	\$ 11,744	\$ 3,452
Adoption Center	134,362	6,024
Restricted for future operations	1,000	141,000
	\$ 147,106	\$ 150,476

As of September 30, 2015 and 2014, 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:

	2015	2014
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	16,375	7,250
Vandivert	140,000	-
	1,262,519	1,113,394

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

NOTE 8 – RESTRICTED NET ASSETS (Continued)

	<u>2015</u>	<u>2014</u>
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>8,505,953</u> 9,768,472	<u>8,344,291</u> 9,457,685
Beneficial interest in perpetual trust	730,513	619,285
Beneficial interest in charitable reminder trusts	<u>116,103</u>	<u>128,280</u>
	<u>\$ 10,615,088</u>	<u>\$ 10,205,250</u>

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, 2015 and 2014, whether deemed spent or not, as unrestricted.

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, 2015 and 2014, 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Investment earnings on endowment funds	\$ (187,937)	\$ 514,884
Earnings appropriated for expenditures	(214,451)	(514,884)
Cemetery maintenance fees received	<u>161,662</u>	<u>140,084</u>
Total change in endowment net assets	(240,726)	140,084
Endowment net assets, beginning of year	<u>9,450,435</u>	<u>9,310,351</u>
Endowment net assets, end of year	<u>\$ 9,209,709</u>	<u>\$ 9,450,435</u>

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

NOTE 8 – RESTRICTED NET ASSETS (Continued)

Endowment net assets are included with investments on the accompanying statements of financial position as of September 30, 2015 and 2014.

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.
- Level 3 – Valuations for assets and liabilities based on unobservable inputs that are significant to the fair value measurement. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

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

Following is a description of the valuation methodologies used for assets measured at fair value at September 30, 2015 and 2014.

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.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

NOTE 9 – FAIR VALUE MEASUREMENT (Continued)

Financial assets measured at fair value on a recurring basis as of September 30, 2015 are presented in the table by fair value hierarchy as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total 2015</u>
Money market funds	\$ 495,835	\$ -	\$ 495,835
Mutual funds:			
Domestic – fixed income	8,352,110	-	8,352,110
Domestic – equities	4,141,229	-	4,141,229
International – equities	2,816,092	-	2,816,092
Beneficial interest in trusts	<u>-</u>	<u>846,616</u>	<u>846,616</u>
Investments at Fair Value	<u>\$15,805,266</u>	<u>\$ 846,616</u>	<u>\$16,651,882</u>

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>593,959</u>
Investments at Fair Value	<u>\$16,621,292</u>	<u>\$ 747,565</u>	<u>\$17,368,857</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, 2015 and 2014. 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	\$ 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 - October 1, 2014	747,565
Total gains or losses recognized in the change in permanently restricted net assets – change in value of perpetual trusts	<u>99,051</u>
Balance - September 30, 2015	<u>\$ 846,616</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.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

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, 2015 and 2014, there was approximately \$503,000 and \$623,000, 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.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

- A. Bideawee believes it has no uncertain tax positions as of September 30, 2015 and 2014 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 believes that it is no longer subject to federal or state and local tax examinations by tax authorities for fiscal years before 2012.
- 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 27, 2016, the date of the financial statements were available to be issued. In addition, subsequent to September 30, 2015, total investments declined in value by approximately 8%, which resulted in a decrease of total assets of approximately 5% by January 27, 2016.