



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

Years Ended September 30, 2016 and 2015

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, 2016 AND 2015

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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, 2016 and 2015, 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 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, 2016 and 2015, 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 15, 2017

BIDEAWEE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash and cash equivalents (Notes 2B and 10A)	\$ 1,670,352	\$ 990,089
Bequests, legacies, and other receivables, net (Notes 2C and 3)	141,399	90,900
Inventory (Note 2D)	202,765	183,912
Prepaid expenses and other assets	129,477	106,646
Investments (Notes 2E, 2F, 4 and 9)	15,915,052	15,805,266
Property and equipment, net (Notes 2H and 5)	7,197,519	7,582,669
Beneficial interest in trusts (Notes 2K, 8 and 9)	833,413	846,616
TOTAL ASSETS	\$ 26,089,977	\$ 25,606,098
LIABILITIES		
Accounts payable, accrued expenses and other liabilities	\$ 566,551	\$ 756,461
Capital lease obligations payable (Note 6)	19,944	16,774
TOTAL LIABILITIES	586,495	773,235
COMMITMENTS AND CONTINGENCIES (Notes 6 and 11)		
NET ASSETS (Notes 2I and 8)		
Unrestricted		
Available for operations	7,398,875	6,504,774
Net investment in property and equipment	7,177,575	7,565,895
Total unrestricted	14,576,450	14,070,669
Temporarily restricted (Note 8)	167,891	147,106
Permanently restricted (Note 8)	10,759,141	10,615,088
TOTAL NET ASSETS	25,503,482	24,832,863
TOTAL LIABILITIES AND NET ASSETS	\$ 26,089,977	\$ 25,606,098

BIDEAWEE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	<u>For the Year Ended September 30, 2016</u>				<u>For the Year Ended September 30, 2015</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2016</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2015</u>
REVENUES, GAINS AND OTHER SUPPORT:								
Special events revenue	\$ 513,089	\$ -	\$ -	\$ 513,089	\$ 555,650	\$ -	\$ -	\$ 555,650
Less: costs of direct benefits to donors	<u>(101,407)</u>	<u>-</u>	<u>-</u>	<u>(101,407)</u>	<u>(109,761)</u>	<u>-</u>	<u>-</u>	<u>(109,761)</u>
Special events, net	411,682	-	-	411,682	445,889	-	-	445,889
Bequests and legacies (Notes 2C and 10B)	4,592,847	-	-	4,592,847	2,953,615	-	-	2,953,615
Contributions (Note 2C)	1,586,848	153,586	1,000	1,741,434	1,942,748	217,462	9,125	2,169,335
In-kind contributions (Note 2C)	16,567	-	-	16,567	39,454	-	-	39,454
Adoption Centers, Animal Hospitals, Loving Legacy and other fees	2,405,983	-	-	2,405,983	2,439,743	-	-	2,439,743
Cemetery maintenance fees (Note 2J)	244,298	-	156,256	400,554	245,798	-	161,662	407,460
Miscellaneous income	91,919	-	-	91,919	58,818	-	-	58,818
Investment (loss) income, net of investment fees (Notes 4 and 8)	272,883	830,687	-	1,103,570	(375,205)	-	-	(375,205)
Change in value of beneficial interest in split interest agreements (Note 2K)	-	-	(13,203)	(13,203)	-	-	99,051	99,051
Reclassification of temporarily restricted net assets (Note 8)	402,388	(402,388)	-	-	-	(140,000)	140,000	-
Net assets released from restrictions (Note 8)	<u>561,100</u>	<u>(561,100)</u>	<u>-</u>	<u>-</u>	<u>80,832</u>	<u>(80,832)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>10,586,515</u>	<u>20,785</u>	<u>144,053</u>	<u>10,751,353</u>	<u>7,831,692</u>	<u>(3,370)</u>	<u>409,838</u>	<u>8,238,160</u>
EXPENSES:								
Program Services								
Adoption Centers	3,506,871	-	-	3,506,871	3,555,470	-	-	3,555,470
Animal Hospitals	2,293,449	-	-	2,293,449	2,388,492	-	-	2,388,492
Behavior, learning and volunteers	498,756	-	-	498,756	536,668	-	-	536,668
Memorial parks	1,050,460	-	-	1,050,460	1,059,874	-	-	1,059,874
Loving Legacy program	75,202	-	-	75,202	78,771	-	-	78,771
Total program services	<u>7,424,738</u>	<u>-</u>	<u>-</u>	<u>7,424,738</u>	<u>7,619,275</u>	<u>-</u>	<u>-</u>	<u>7,619,275</u>
Supporting Services:								
Management and general	1,263,549	-	-	1,263,549	1,002,521	-	-	1,002,521
Fundraising	1,392,447	-	-	1,392,447	1,564,555	-	-	1,564,555
Total supporting services	<u>2,655,996</u>	<u>-</u>	<u>-</u>	<u>2,655,996</u>	<u>2,567,076</u>	<u>-</u>	<u>-</u>	<u>2,567,076</u>
TOTAL EXPENSES	<u>10,080,734</u>	<u>-</u>	<u>-</u>	<u>10,080,734</u>	<u>10,186,351</u>	<u>-</u>	<u>-</u>	<u>10,186,351</u>
CHANGE IN NET ASSETS	505,781	20,785	144,053	670,619	(2,354,659)	(3,370)	409,838	(1,948,191)
Net assets, beginning 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>
NET ASSETS - END OF YEAR	<u>\$ 14,576,450</u>	<u>\$ 167,891</u>	<u>\$ 10,759,141</u>	<u>\$ 25,503,482</u>	<u>\$ 14,070,669</u>	<u>\$ 147,106</u>	<u>\$ 10,615,088</u>	<u>\$ 24,832,863</u>

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

BIDEAWEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(With Comparative Totals for 2015)

	For the Year Ended September 30, 2016										
	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 2016	Total 2015
Salaries	\$ 1,638,750	\$ 1,103,175	\$ 237,673	\$ 449,239	\$ 9,143	\$ 3,437,980	\$ 776,663	\$ 523,213	\$ 1,299,876	\$ 4,737,856	\$ 4,938,951
Payroll taxes and employee benefits (Note 7)	519,942	304,717	65,371	177,551	1,271	1,068,852	129,376	111,046	240,422	1,309,274	1,313,095
Salaries and Related Costs	2,158,692	1,407,892	303,044	626,790	10,414	4,506,832	906,039	634,259	1,540,298	6,047,130	6,252,046
Professional fees (Note 2C)	109,521	123,896	15,111	13,904	90	262,522	183,116	52,045	235,161	497,683	459,294
Medical supplies	162,637	372,767	-	-	-	535,404	-	-	-	535,404	492,420
Pet memorial park supplies	405	-	-	113,366	-	113,771	-	-	-	113,771	117,247
Pet supplies (Note 2C)	130,023	12,504	-	-	-	142,527	-	-	-	142,527	127,146
Occupancy	188,323	58,478	17,726	35,106	4,781	304,414	20,631	21,813	42,444	346,858	374,989
Repairs and maintenance (Note 2C)	169,050	46,852	16,846	34,684	1,930	269,362	14,323	15,674	29,997	299,359	317,347
Non-cap software and hardware	3,762	3,334	2,591	8,533	-	18,220	2,408	1,022	3,430	21,650	27,591
Insurance	78,616	27,138	15,032	19,591	8,774	149,151	11,742	12,074	23,816	172,967	159,772
Staff development and dues	4,755	6,924	882	132	30	12,723	5,244	15,109	20,353	33,076	31,827
Travel	9,479	4,758	2,438	24,368	58	41,101	5,420	3,426	8,846	49,947	46,975
Telephone and network management	39,280	36,789	10,113	11,798	412	98,392	15,923	14,867	30,790	129,182	126,372
Meetings and seminars	3,183	4,928	3,205	574	126	12,016	7,989	4,128	12,117	24,133	15,394
Postage	5,711	2,177	2,493	6,634	9	17,024	1,589	81,086	82,675	99,699	105,661
Miscellaneous	46,612	22,871	8,223	11,844	213	89,763	3,622	9,417	13,039	102,802	99,629
Bank charges	4,466	35,429	28	10,530	-	50,453	7,939	31,026	38,965	89,418	91,566
Marketing, newsletter and publications	124,404	41,980	36,017	31,710	-	234,111	28,761	300,736	329,497	563,608	531,849
Catering and entertainment (Note 2C)	-	-	-	-	-	-	-	190,704	190,704	190,704	186,663
Bad debt expense	-	19	-	68,424	-	68,443	-	-	-	68,443	91,662
Depreciation (Note 5)	267,952	84,713	65,007	32,472	48,365	498,509	48,803	106,468	155,271	653,780	640,662
Subtotal	3,506,871	2,293,449	498,756	1,050,460	75,202	7,424,738	1,263,549	1,493,854	2,757,403	10,182,141	10,296,112
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	(101,407)	(101,407)	(101,407)	(109,761)
TOTAL EXPENSES	<u>\$ 3,506,871</u>	<u>\$ 2,293,449</u>	<u>\$ 498,756</u>	<u>\$ 1,050,460</u>	<u>\$ 75,202</u>	<u>\$ 7,424,738</u>	<u>\$ 1,263,549</u>	<u>\$ 1,392,447</u>	<u>\$ 2,655,996</u>	<u>\$ 10,080,734</u>	<u>\$ 10,186,351</u>

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

BIDEAWEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Program Services					Supporting Services			Total 2015	
	Adoption Centers	Animal Hospitals	Behavior, Learning, Volunteers	Memorial Parks	Loving Legacy Program	Total Program Services	Management and General	Fundraising		Total Supporting Services
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
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
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
Professional fees (Note 2C)	87,166	90,858	9,502	14,520	156	202,202	189,708	67,384	257,092	459,294
Medical supplies	151,915	340,505	-	-	-	492,420	-	-	-	492,420
PMP supplies	3,573	-	390	111,938	-	115,901	998	348	1,346	117,247
Pet supplies (Note 2C)	116,785	10,361	-	-	-	127,146	-	-	-	127,146
Occupancy	209,024	61,714	18,839	37,344	9,554	336,475	14,803	23,711	38,514	374,989
Repairs and maintenance	184,594	50,460	22,202	32,636	2,234	292,126	10,115	15,106	25,221	317,347
Non-cap software and hardware	3,717	4,413	3,343	10,791	2	22,266	3,340	1,985	5,325	27,591
Insurance	73,123	26,407	14,208	18,143	8,108	139,989	7,761	12,022	19,783	159,772
Staff development and dues	5,726	4,796	260	271	26	11,079	4,841	15,907	20,748	31,827
Travel	6,663	8,273	3,726	21,301	17	39,980	2,953	4,042	6,995	46,975
Telephone and network management	42,185	37,344	9,945	10,926	406	100,806	11,365	14,201	25,566	126,372
Meetings and seminars	2,877	4,333	2,754	233	56	10,253	2,399	2,742	5,141	15,394
Postage	4,516	3,312	2,526	5,730	26	16,110	1,486	88,065	89,551	105,661
Miscellaneous	42,857	21,503	4,437	15,505	232	84,534	2,726	12,369	15,095	99,629
Bank charges	3,247	32,420	37	9,183	-	44,887	9,346	37,333	46,679	91,566
Marketing, newsletter and publications (Note 2C)	98,394	23,794	40,691	23,426	12	186,317	26,483	319,049	345,532	531,849
Catering and entertainment (Note 2C)	-	145	207	-	-	352	193	186,118	186,311	186,663
Bad debt expense	579	-	22	67,526	-	68,127	-	23,535	23,535	91,662
Depreciation (Note 5)	252,837	89,661	67,103	31,897	48,255	489,753	39,064	111,845	150,909	640,662
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
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	(109,761)	(109,761)	(109,761)
TOTAL EXPENSES	<u>\$ 3,555,470</u>	<u>\$ 2,388,492</u>	<u>\$ 536,668</u>	<u>\$ 1,059,874</u>	<u>\$ 78,771</u>	<u>\$ 7,619,275</u>	<u>\$ 1,002,521</u>	<u>\$ 1,564,555</u>	<u>\$ 2,567,076</u>	<u>\$ 10,186,351</u>

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

BIDEAWEE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 670,619	\$ (1,948,191)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	653,780	640,662
Bad debt expense	68,443	91,662
Permanently restricted cemetery maintenance fees	(156,256)	(161,662)
Permanently restricted contributions	(1,000)	(9,125)
Gain on disposal of property and equipment	-	(14,768)
Unrealized (gain) loss on investments	(837,058)	780,136
Realized loss on investments	99,613	24,832
Subtotal	498,141	(596,454)
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Bequests, legacies, and other receivables	(118,942)	661,683
Inventory	(18,853)	(54,060)
Prepaid expenses and other assets	(22,831)	(16,740)
Increase (decrease) in liabilities:		
Accounts payable, accrued expenses, and security deposits held	(189,910)	95,405
Net Cash Provided by Operating Activities	147,605	89,834
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(5,258,309)	(6,213,398)
Proceeds from investment sales	5,885,968	6,224,456
Purchases of property and equipment	(255,104)	(238,028)
Proceeds from the disposition of property and equipment	-	33,385
Net Cash Provided by (Used in) Investing Activities	372,555	(193,585)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in value of beneficial interest in trusts	13,203	(99,051)
Permanently restricted cemetery maintenance fees	156,256	161,662
Permanently restricted contributions	1,000	9,125
Principal repayments on capital lease obligations payable	(10,356)	(10,000)
Net Cash Provided by Financing Activities	160,103	61,736
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	680,263	(42,015)
Cash and cash equivalents - beginning of year	990,089	1,032,104
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,670,352	\$ 990,089
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 2,168	\$ 1,143
Supplemental Disclosure of Noncash Investing and Financing Activities:		
Assets acquired through capital lease	\$ 13,526	\$ 2,006

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

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

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 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, 2016 and 2015, Bideawee determined that an allowance for uncollectible accounts of \$295,550 and \$317,664, 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, 2016 and 2015, Bideawee received \$16,567 and \$39,454, 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, 2016 AND 2015

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 \$2,500 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, 2016 AND 2015

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, NET

Bequests, legacies and other receivables consist of the following as of September 30, 2016 and 2015:

	2016	2015
Amount due in less than one year:		
Bequests and legacies	\$ 56,904	\$ 30,368
Other receivables	380,045	378,196
	436,949	408,564
Less: allowance for uncollectible amounts	(295,550)	(317,664)
	\$ 141,399	\$ 90,900

NOTE 4 – INVESTMENTS

Investments consist of the following as of September 30, 2016 and 2015:

	2016	2015
Money market funds	\$ 1,333,702	\$ 495,835
Mutual funds	14,581,350	15,309,431
	\$ 15,915,052	\$ 15,805,266

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, 2016 and 2015:

	2016	2015
Interest and dividends	\$ 436,000	\$ 500,889
Realized loss on investments	(99,613)	(24,832)
Unrealized gain (loss) on investments	837,058	(780,136)
Investment fees	(69,875)	(71,126)
	\$ 1,103,570	\$ (375,205)

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following as of September 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>	<u>Estimated Useful Lives</u>
Land	\$ 126,080	\$ 126,080	
Buildings and improvements	16,364,263	16,307,243	10-40 years
Office equipment, furniture and vehicles	1,710,479	1,458,469	5-20 years
Construction in Progress	<u>8,625</u>	<u>83,175</u>	
	18,209,447	17,974,967	
Less: accumulated depreciation	<u>(11,011,928)</u>	<u>(10,392,298)</u>	
	<u>\$ 7,197,519</u>	<u>\$ 7,582,669</u>	

Depreciation expense amounted to \$653,780 and \$640,662 (including \$9,415 and \$10,017, respectively, on capital leased equipment) for the years ended September 30, 2016 and 2015, respectively. During the years ended September 30, 2016 and 2015, Bideawee wrote off certain fixed assets no longer in use amounting to approximately \$34,000 and \$44,000, respectively. For the year ended September 30, 2015, 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 \$0 and \$14,768 for the years ended September 30, 2016 and 2015, respectively, and are included in miscellaneous income in the accompanying statements of activities.

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 5.5%. Minimum future lease payments subsequent to September 30, 2016 are as follows:

2017	\$ 11,649
2018	7,864
2019	<u>2,810</u>
Total minimum lease payments	22,323
Less: amounts representing interest	<u>(2,379)</u>
	<u>\$ 19,944</u>

Minimum future lease payments subsequent to September 30, 2015 were as follows:

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

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

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 \$139,902 and \$133,955 for the years ended September 30, 2016 and 2015, respectively.

NOTE 8 – RESTRICTED NET ASSETS

Net assets of \$561,100 and \$80,832 were released from restrictions during the years ended September 30, 2016 and 2015, respectively, by incurring program expenses. \$402,388 of endowment fund deficiency from the year ended September 30, 2015 was reclassified to temporarily restricted net assets during the year ended September 30, 2016. \$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, 2016 and 2015, respectively, are restricted by donors for the following purposes:

	2016	2015
Purpose restricted:		
Veterinary Medical Assistance Fund	\$ 31,812	\$ 11,744
Adoption Center	7,400	134,362
Restricted for future operations	1,000	1,000
Unappropriated endowment earnings	127,679	-
	\$ 167,891	\$ 147,106

As of September 30, 2016 and 2015, 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:

	2016	2015
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	17,375	16,375
Vandivert	140,000	140,000
	1,263,159	1,262,159

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 8 – RESTRICTED NET ASSETS – (Continued)

	2016	2015
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>8,662,208</u> 9,925,727	<u>8,505,953</u> 9,768,742
Beneficial interest in perpetual trust	809,606	730,513
Beneficial interest in charitable remainder trusts	<u>23,808</u>	<u>116,103</u>
	<u>\$ 10,759,141</u>	<u>\$ 10,615,088</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 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, 2016, Bideawee had not incurred a deficiency in its donor-restricted endowment funds. As of September 30, 2015, Bideawee had incurred a deficiency of \$402,388 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 consisted of the following for year ended September 30, 2016:

	Temporarily Restricted	Permanently Restricted	Total Endowment Investments
Endowment net assets, beginning of year	\$ (402,388)	\$ 9,768,472	\$ 9,366,084
Contributions	-	1,000	1,000
Cemetery maintenance fees received	-	156,256	156,256
Investment earnings on endowment funds	830,687	-	830,687
Earnings appropriated for expenditures	<u>(300,620)</u>	<u>-</u>	<u>(300,620)</u>
Endowment net assets, end of year	<u>\$ 127,679</u>	<u>\$ 9,925,728</u>	<u>\$ 10,053,407</u>

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 8 – RESTRICTED NET ASSETS (Continued)

Changes in endowment net assets consisted of the following for year ended September 30, 2015:

	Temporarily Restricted	Permanently Restricted	Total Endowment Investments
Endowment net assets, beginning of year	\$ -	\$ 9,457,685	\$ 9,457,685
Contributions	-	9,125	9,125
Reclassification of net assets	-	140,000	140,000
Cemetery maintenance fees received	-	161,662	161,662
Investment earnings on endowment funds	(187,937)	-	(187,937)
Earnings appropriated for expenditures	(214,451)	-	(214,451)
Endowment net assets, end of year	<u>\$ (402,388)</u>	<u>\$ 9,768,472</u>	<u>\$ 9,366,084</u>

Endowment net assets are included with investments on the accompanying statements of financial position as of September 30, 2016 and 2015.

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, 2016 and 2015.

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.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 9 – FAIR VALUE MEASUREMENT (Continued)

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, 2016 are presented in the table by fair value hierarchy as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total 2016</u>
Money market funds	\$ 1,333,702	\$ -	\$ 1,333,702
Mutual funds:			
Domestic – fixed income	3,569,066	-	3,569,066
Domestic – equities	4,034,266	-	4,034,266
International – equities	6,978,018	-	6,978,018
Beneficial interest in trusts	<u>-</u>	<u>833,413</u>	<u>833,413</u>
Investments at Fair Value	<u>\$15,915,052</u>	<u>\$ 833,413</u>	<u>\$16,748,465</u>

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>

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, 2016 and 2015. 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.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

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, 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 - October 1, 2015	846,616
Total gains or losses recognized in the change in permanently restricted net assets – change in value of perpetual trusts	<u>(13,203)</u>
Balance - September 30, 2016	\$ <u>833,413</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, 2016 and 2015, there was approximately \$1,129,000 and \$503,000, 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, 2016, Bideawee received a bequest of \$1,013,000 from one individual, which represented approximately 9% of total revenue for the year ended September 30, 2016.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

- A. Bideawee believes it has no uncertain tax positions as of September 30, 2016 and 2015 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 15, 2017, the date of the financial statements were available to be issued.