



**Financial Statements
(Together with Independent Auditors' Report)
Years Ended September 30, 2020 and 2019**

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, 2020 AND 2019

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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, 2020 and 2019, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bideawee as of September 30, 2020 and 2019, 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 29, 2021

BIDEAWEE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents (Notes 2B and 11)	\$ 3,151,030	\$ 1,048,436
Bequests, legacies, contributions and other receivables, net (Notes 2C and 4)	303,979	1,060,446
Inventory (Note 2D)	143,158	140,443
Investments (Notes 2E, 2F, 5 and 10)	19,230,246	17,734,536
Prepaid expenses and other assets	187,869	144,565
Property and equipment, net (Notes 2H and 6)	5,771,192	6,021,260
Beneficial interest in trusts (Notes 2L, 9 and 10)	928,183	1,017,920
TOTAL ASSETS	\$ 29,715,657	\$ 27,167,606
LIABILITIES		
Accounts payable, accrued expenses and other liabilities	\$ 685,973	\$ 665,909
Annuity payment liability (Note 2M)	46,459	3,066
Deferred revenue (Note 2C)	100,000	-
Capital lease obligations payable (Note 7)	7,090	10,807
TOTAL LIABILITIES	839,522	679,782
COMMITMENTS AND CONTINGENCIES (Notes 7 and 12)		
NET ASSETS (Notes 2I and 9)		
Without Donor Restrictions		
Available for operations	9,124,905	7,273,063
Net investment in property and equipment	5,764,102	6,010,453
Total without donor restrictions	14,889,007	13,283,516
With Donor Restrictions (Note 9)	13,987,128	13,204,308
TOTAL NET ASSETS	28,876,135	26,487,824
TOTAL LIABILITIES AND NET ASSETS	\$ 29,715,657	\$ 27,167,606

BIDEAWEE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	For the Year Ended September 30, 2020			For the Year Ended September 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total 2020	Without Donor Restrictions	With Donor Restrictions	Total 2019
REVENUES, GAINS AND OTHER SUPPORT:						
Special events revenue	\$ 319,127	\$ -	\$ 319,127	\$ 736,720	\$ -	\$ 736,720
Less: costs of direct benefits to donors	-	-	-	(111,148)	-	(111,148)
Special events, net	319,127	-	319,127	625,572	-	625,572
Bequests and legacies (Notes 2C and 11B)	6,433,977	-	6,433,977	3,784,586	-	3,784,586
Contributions (Notes 2C, 9 and 13)	3,221,673	241,623	3,463,296	1,577,373	337,480	1,914,853
In-kind contributions (Note 2C)	60,229	-	60,229	105,338	-	105,338
Adoption Centers, Animal Hospitals, Loving Legacy and other fees (Note 2K)	1,086,675	-	1,086,675	1,209,851	-	1,209,851
Cemetery maintenance fees (Notes 2J and 2K)	152,820	243,079	395,899	176,667	223,735	400,402
Other income (Note 1)	-	-	-	129,970	-	129,970
Miscellaneous income	61,690	-	61,690	70,225	-	70,225
Investment income, net of investment fees (Notes 5 and 9)	282,510	1,140,733	1,423,243	228,189	478,448	706,637
Change in value of beneficial interest in trusts (Note 2L)	-	(89,737)	(89,737)	-	103,127	103,127
Change in value of beneficial interest in split interest agreements (Note 2M)	(6,659)	-	(6,659)	(3,619)	-	(3,619)
Net assets released from restrictions (Note 9)	752,878	(752,878)	-	697,539	(697,539)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	12,364,920	782,820	13,147,740	8,601,691	445,251	9,046,942
EXPENSES:						
Program Services						
Adoption Centers	4,509,843	-	4,509,843	4,299,209	-	4,299,209
Animal Hospitals	880,148	-	880,148	970,763	-	970,763
Behavior, learning and volunteers	500,121	-	500,121	474,807	-	474,807
Feral Cat Initiative	358,834	-	358,834	133,133	-	133,133
Memorial parks	1,066,692	-	1,066,692	1,105,609	-	1,105,609
Loving Legacy	69,281	-	69,281	68,803	-	68,803
Total program services	7,384,919	-	7,384,919	7,052,324	-	7,052,324
Supporting Services:						
Management and general	1,290,296	-	1,290,296	1,289,110	-	1,289,110
Fundraising	2,084,214	-	2,084,214	1,788,016	-	1,788,016
Total supporting services	3,374,510	-	3,374,510	3,077,126	-	3,077,126
TOTAL EXPENSES	10,759,429	-	10,759,429	10,129,450	-	10,129,450
CHANGE IN NET ASSETS	1,605,491	782,820	2,388,311	(1,527,759)	445,251	(1,082,508)
Net assets - beginning of year	13,283,516	13,204,308	26,487,824	14,811,275	12,759,057	27,570,332
NET ASSETS - END OF YEAR	\$ 14,889,007	\$ 13,987,128	\$ 28,876,135	\$ 13,283,516	\$ 13,204,308	\$ 26,487,824

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

BIDEAWEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(With Comparative Totals for 2019)

For the Year Ended September 30, 2020

	Program Services						Supporting Services			Total 2020	Total 2019	
	Adoption Centers	Animal Hospitals	Behavior, Learning, Volunteers	Feral Cat Initiative	Memorial Parks	Loving Legacy Program	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries	\$ 2,076,415	\$ 451,436	\$ 231,859	\$ 151,675	\$ 531,784	\$ 2,574	\$ 3,445,743	\$ 712,390	\$ 658,450	\$ 1,370,840	\$ 4,816,583	\$ 4,431,361
Payroll taxes and employee benefits (Note 8)	623,926	96,477	51,934	35,573	147,020	382	955,312	111,699	122,217	233,916	1,189,228	1,102,151
Salaries and Related Costs	2,700,341	547,913	283,793	187,248	678,804	2,956	4,401,055	824,089	780,667	1,604,756	6,005,811	5,533,512
Professional fees (Note 2C)	191,233	30,274	34,290	106,777	8,875	-	371,449	255,313	213,716	469,029	840,478	588,666
Medical supplies	221,402	131,209	-	99	-	-	352,710	-	-	-	352,710	411,228
Pet memorial park supplies	-	-	-	-	89,433	-	89,433	-	-	-	89,433	93,246
Pet supplies (Note 2C)	116,465	1,103	-	-	-	-	117,568	-	-	-	117,568	183,057
Occupancy	268,414	15,971	20,102	34,184	37,294	4,782	380,747	27,878	32,043	59,921	440,668	436,109
Repairs and maintenance (Note 2C)	240,196	23,753	19,657	6,367	89,282	4,165	363,420	25,697	21,692	47,389	430,809	384,342
Non-cap software and hardware	6,062	1,104	2,527	1,289	9,045	7	20,034	1,918	9,806	11,724	31,758	26,602
Insurance	93,272	15,041	14,009	603	20,446	8,728	152,099	8,794	13,306	22,100	174,199	165,433
Staff development and dues	3,425	4,911	774	353	244	-	9,707	5,202	14,483	19,685	29,392	47,955
Travel	15,701	3,882	603	3,535	13,043	5	36,769	2,764	2,342	5,106	41,875	55,161
Telephone and network management	49,378	33,029	10,213	7,180	14,112	445	114,357	15,235	18,685	33,920	148,277	133,882
Meetings and seminars	7,781	1,289	2,693	986	1,100	1	13,850	7,681	5,521	13,202	27,052	37,358
Postage	1,458	333	674	3,747	2,313	4	8,529	598	149,484	150,082	158,611	154,798
Miscellaneous	100,526	15,224	6,085	1,890	19,540	-	143,265	4,461	5,289	9,750	153,015	162,576
Bank charges	9,281	10,951	44	-	12,561	-	32,837	11,126	27,897	39,023	71,860	80,807
Marketing, newsletter and publications	169,263	18,111	53,848	-	39,749	412	281,383	38,517	699,452	737,969	1,019,352	919,351
Catering and entertainment (Note 2C)	-	-	-	-	-	-	-	-	19,294	19,294	19,294	237,158
Bad debt expense	-	-	-	-	-	-	-	36,126	-	36,126	36,126	23,675
Depreciation (Note 6)	315,645	26,050	50,809	4,576	30,851	47,776	475,707	24,897	70,537	95,434	571,141	565,682
Subtotal	4,509,843	880,148	500,121	358,834	1,066,692	69,281	7,384,919	1,290,296	2,084,214	3,374,510	10,759,429	10,240,598
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	-	-	-	-	(111,148)
TOTAL EXPENSES	\$ 4,509,843	\$ 880,148	\$ 500,121	\$ 358,834	\$ 1,066,692	\$ 69,281	\$ 7,384,919	\$ 1,290,296	\$ 2,084,214	\$ 3,374,510	\$ 10,759,429	\$ 10,129,450

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

BIDEAWEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	For the Year Ended September 30, 2019										
	Program Services						Supporting Services				
	Adoption Centers	Animal Hospitals	Behavior, Learning, Volunteers	Feral Cat Initiative	Memorial Parks	Loving Legacy Program	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2019
Salaries	\$ 1,931,872	\$ 473,611	\$ 217,234	\$ 69,189	\$ 536,434	\$ 2,334	\$ 3,230,674	\$ 664,772	\$ 535,915	\$ 1,200,687	\$ 4,431,361
Payroll taxes and employee benefits (Note 8)	<u>502,549</u>	<u>117,522</u>	<u>47,970</u>	<u>11,611</u>	<u>178,484</u>	<u>664</u>	<u>858,800</u>	<u>134,869</u>	<u>108,482</u>	<u>243,351</u>	<u>1,102,151</u>
Salaries and Related Costs	2,434,421	591,133	265,204	80,800	714,918	2,998	4,089,474	799,641	644,397	1,444,038	5,533,512
Professional fees (Note 2C)	203,724	38,840	13,191	20,920	10,566	-	287,241	218,054	83,371	301,425	588,666
Medical supplies	265,030	146,123	75	-	-	-	411,228	-	-	-	411,228
Pet memorial park supplies	100	-	-	-	93,146	-	93,246	-	-	-	93,246
Pet supplies (Note 2C)	175,882	5,075	407	-	17	-	181,381	-	1,676	1,676	183,057
Occupancy	279,216	17,014	20,057	19,114	38,814	6,089	380,304	25,084	30,721	55,805	436,109
Repairs and maintenance (Note 2C)	222,954	19,016	16,858	1,898	78,195	3,026	341,947	22,382	20,013	42,395	384,342
Non-cap software and hardware	7,858	2,408	2,922	54	10,188	31	23,461	2,389	752	3,141	26,602
Insurance	85,473	14,797	13,671	598	20,274	8,304	143,117	9,417	12,899	22,316	165,433
Staff development and dues	10,238	5,589	1,522	880	573	-	18,802	15,944	13,209	29,153	47,955
Travel	17,340	1,365	2,618	2,731	21,564	25	45,643	3,496	6,022	9,518	55,161
Telephone and network management	46,217	36,273	9,407	1,702	12,843	319	106,761	13,789	13,332	27,121	133,882
Meetings and seminars	11,156	2,865	6,112	686	2,922	25	23,766	8,044	5,548	13,592	37,358
Postage	3,930	526	1,665	25	5,902	6	12,054	662	142,082	142,744	154,798
Miscellaneous	95,267	16,455	9,038	1,539	16,887	70	139,256	6,998	16,322	23,320	162,576
Bank charges	6,269	11,609	61	-	11,642	-	29,581	10,299	40,927	51,226	80,807
Marketing, newsletter and publications	131,114	34,859	58,364	-	35,692	14	260,043	99,832	559,476	659,308	919,351
Catering and entertainment (Note 2C)	-	-	-	-	-	-	-	-	237,158	237,158	237,158
Bad debt expense	-	-	-	-	-	-	-	23,264	411	23,675	23,675
Depreciation (Note 6)	<u>303,020</u>	<u>26,816</u>	<u>53,635</u>	<u>2,186</u>	<u>31,466</u>	<u>47,896</u>	<u>465,019</u>	<u>29,815</u>	<u>70,848</u>	<u>100,663</u>	<u>565,682</u>
Subtotal	4,299,209	970,763	474,807	133,133	1,105,609	68,803	7,052,324	1,289,110	1,899,164	3,188,274	10,240,598
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	-	(111,148)	(111,148)	(111,148)
TOTAL EXPENSES	<u>\$ 4,299,209</u>	<u>\$ 970,763</u>	<u>\$ 474,807</u>	<u>\$ 133,133</u>	<u>\$ 1,105,609</u>	<u>\$ 68,803</u>	<u>\$ 7,052,324</u>	<u>\$ 1,289,110</u>	<u>\$ 1,788,016</u>	<u>\$ 3,077,126</u>	<u>\$ 10,129,450</u>

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

BIDEAWEE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,388,311	\$ (1,082,508)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	571,141	565,682
Bad debt expense	36,126	23,675
Restricted cemetery maintenance fees held to perpetuity	(243,079)	(223,735)
Restricted contributions held to perpetuity	(5,595)	(40,251)
Loss on disposal of property and equipment	2,500	3,428
Change in value of beneficial interest in trusts	89,737	(103,127)
Change in value of split interest agreements	6,659	3,619
Unrealized gain on investments	(838,203)	(120,463)
Realized gain on investments	(35,773)	(84,833)
Subtotal	1,971,824	(1,058,513)
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Bequests, legacies, contributions and other receivables	720,341	182,798
Inventory	(2,715)	31,159
Prepaid expenses and other assets	(43,304)	8,847
Increase in liabilities:		
Accounts payable, accrued expenses and other liabilities	20,064	223,077
Annuity payment liability	43,393	-
Deferred revenue	100,000	-
Net Cash Provided by (Used in) Operating Activities	2,809,603	(612,632)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(3,733,663)	(11,846,085)
Proceeds from investment sales	3,105,270	10,716,947
Purchases of property and equipment	(323,573)	(436,895)
Net Cash Used in Investing Activities	(951,966)	(1,566,033)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cemetery maintenance fees held to perpetuity	243,079	223,735
Contributions held to perpetuity	5,595	40,251
Principal repayments on capital lease obligations payable	(3,717)	(3,721)
Net Cash Provided by Financing Activities	244,957	260,265
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,102,594	(1,918,400)
Cash and cash equivalents - beginning of year	1,048,436	2,966,836
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,151,030	\$ 1,048,436
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 720	\$ 430
Taxes paid	\$ -	\$ 6,513
Supplemental Disclosure of Noncash Investing and Financing Activities:		
Assets acquired through capital lease	\$ -	\$ 12,080

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

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Bideawee, Inc. (“Bideawee”), founded in 1903 by Flora D’Auby Jenkins Kibbe, was established to provide temporary shelter and medical services to animals. Bideawee’s mission is to cultivate and support the lifelong relationships between pets and the people who love them by providing a continuum of services and programs that are innovative, personalized and of high quality. Accordingly, at its sites in Manhattan, Wantagh and Westhampton, Bideawee administers various programs including: adoption centers; animal hospitals; animal training and behavior services; pet memorial parks; free or low-cost medical services for pets of owners in economic need; public educational programs; pet therapy to hospitalized children and elder adults in nursing homes and bereavement counseling to individuals who have lost pets.

Bideawee has been determined to be a public charity as defined in Section 501(c)(3) of the Internal Revenue Code, and as such, is exempt from federal income taxes under Section 501(a) and state taxes under similar provisions. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

During the year ended September 30, 2018, Bideawee sold the New York City animal hospital private veterinary practice book of business for \$150,000. During the year ended September 30, 2019, Bideawee earned an additional \$129,970 of profit sharing based on first year business performance in accordance with the sales agreement. Income related to the sale is reflected as other income in the accompanying statements of activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. **Basis of Accounting** – Bideawee’s financial statements have been prepared on the accrual basis of accounting. Bideawee adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. **Cash and Cash Equivalents** – Bideawee considers highly liquid investments acquired with an original maturity of three months or less to be cash and cash equivalents except for any cash and equivalents that are maintained in Bideawee’s investment portfolio.
- C. **Support and Receivables** – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, if material. The discounts on those amounts are computed using risk adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution income. Donated securities acquired by gift or bequest are recorded at their fair market value on the date received and it is Bideawee’s policy to sell upon receipt. Conditional promises to give are not included as support until the conditions are substantially met. Bideawee is the beneficiary of bequests and legacies under various wills, the ultimate realization of which is not always readily determinable. Such amounts are recorded by Bideawee when the proceeds are measurable and an irrevocable right to the proceeds has been established by Bideawee.

As of September 30, 2020, Bideawee received a conditional contribution from a foundation in the amount of \$100,000 that was deferred, as it has not been earned. The grant requires Bideawee to provide qualifying expenses to conduct certain services during the time frame as specified in the contract. If such services are not provided, the foundation is not obligated to expend the funds allotted under the contract and Bideawee may be required to return the funds already remitted. As of September 30, 2019, Bideawee had no conditional grants and contracts from foundations that have not been recorded in the accompanying financial statements.

As of September 30, 2020 and 2019, Bideawee determined that an allowance for uncollectible accounts of \$327,386 and \$330,346 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 any current available information.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During the years ended September 30, 2020 and 2019, Bideawee received \$60,229 and \$105,338, respectively, of contributions in-kind that are reported as in-kind 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, prescription drugs and other pet supplies. Inventory is valued at the lower of cost or net realizable value.
- E. **Investments** – Investments are reported at fair value. Investment income, including realized and unrealized gains and losses, is classified as an increase in net assets without donor restrictions, 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 10.
- 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 two classes:
- Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.
- Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that will be met either by actions of Bideawee or the passage of time; stipulations that they be maintained in perpetuity by Bideawee and unappropriated endowment earnings.
- J. **Memorial Park Maintenance Fees** – The one-time perpetual maintenance fee is maintained in perpetuity as net assets with donor restrictions in accordance with applicable State of New York legislation. The regular maintenance special care fees received during the year are reflected as memorial park maintenance fees in the accompanying statements of activities classified as net assets without donor restrictions.
- K. **Program Service Fees** – Program service revenue is accounted for under ASU 2014-09, “*Revenue from Contracts with Customers*” (Topic 606). Revenue for performance obligations satisfied over time is recognized as the services are provided. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by Bideawee in accordance with the contract.

Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All performance obligations relate to contracts with a duration of less than one year, therefore, there are no performance obligations or contract balances that are unsatisfied as of September 30, 2020. The performance obligations for these contracts are completed when the service is completed. Bideawee determines the transaction price based on established rates for services provided. Program service revenue consists of revenues for the following programs:

	2020	2019
Memorial Parks	\$ 677,595	\$ 693,709
Animal Hospitals	467,689	558,600
Adoption Centers	334,080	350,150
Learning Centers	3,210	7,795
	\$ 1,482,574	\$ 1,610,254

- L. **Beneficial Interest in Trusts** – Bideawee is a beneficiary in perpetual trusts and irrevocable charitable remainder unitrusts held by third parties. Under the terms of the perpetual trusts, Bideawee has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. Charitable remainder unitrust gifts are time-restricted contributions not available to Bideawee until after the death of the donor and other beneficiaries, who, while living, receive payouts from the trust based on a fixed percentage of the market value of the invested funds each year as stated in the trust agreements. The trust agreements, in certain instances, allow for the beneficiaries to receive additional distributions, which may substantially reduce the value of expected future cash receipts.

Bideawee recognizes as assets and contributions to net assets with donor restrictions, 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 available for general purposes or restricted based upon donor imposed stipulations.

- M. **Split-Interest Agreements** – Bideawee has entered into Charitable Gift Annuities with donors. These are agreements between a donor and Bideawee in which the donor contributes an asset in exchange for an obligation for Bideawee to pay a fixed amount to the donor or other designated beneficiaries for a specific period of time.

At the time these agreements are entered into, a liability is recognized for the present value of the annuity obligation, the assets are recorded at fair market value and a contribution is recognized for the difference. The liability is re-calculated annually and the adjustment is recorded as changes in value of split-interest agreements in the statements of activities. The split-interest agreements had a loss of \$6,659 and \$3,619, respectively for the years ended September 30, 2020 and 2019, respectively. The discount rate and actuarial assumptions used in calculating the annuity obligation are those provided in Internal Revenue Service guidelines and actuarial tables. Bideawee invests, manages, and administers the annuities. The portfolio of assets meets all requirements concerning permissible investments and mandated reserves as required by law.

- N. **Functional Allocation of Expenses** – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- O. **Use of Estimates** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- P. **Recent Accounting Pronouncements** – Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09, “*Revenue from Contracts with Customers*” (Topic 606) was adopted by Bideawee for the year ended September 30, 2020. The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services as further described in Note 2K.

FASB ASU 2018-08, “*Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*” (Topic 958) was also adopted by Bideawee for the year ended September 30, 2020. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution or government grant is conditional as further described in Note 2C.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Bideawee regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As of September 30, 2020, financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, included the following:

	2020	2019
Cash and cash equivalents	\$ 3,151,030	\$ 1,048,436
Bequests, legacies, contributions and other receivables, net	303,979	1,060,446
Investments	19,230,246	17,734,536
Total	22,685,255	19,843,418
Less: Investments held for endowments	(10,967,407)	(10,724,329)
Total	\$ 11,717,848	\$ 9,119,089

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Bideawee considers all expenditures related to its ongoing activities of Bideawee’s programs as well as the conduct of services undertaken to support those activities to be general expenditures. Donor restricted funds for various programs are considered available for the general expenditures to conduct those programs. Bideawee’s endowment funds consist of donor-restricted endowments. The endowment is subject to an annual spending rate of up to 7% as described in Note 9.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 4 – BEQUESTS, LEGACIES, CONTRIBUTIONS AND OTHER RECEIVABLES, NET

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

	<u>2020</u>	<u>2019</u>
Amount due in less than one year:		
Bequests, legacies and contributions	\$ 279,834	\$ 928,590
Other receivables	351,531	462,202
	<u>631,365</u>	<u>1,390,792</u>
Less: allowance for uncollectible amounts	<u>(327,386)</u>	<u>(330,346)</u>
	<u>\$ 303,979</u>	<u>\$ 1,060,446</u>

NOTE 5 – INVESTMENTS

Investments consist of the following as of September 30:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 1,189,103	\$ 869,673
Equity securities	7,027,122	6,938,646
Mutual funds	11,014,021	9,926,217
	<u>\$ 19,230,246</u>	<u>\$ 17,734,536</u>

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:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 591,920	\$ 548,961
Realized gain on investments	35,773	84,833
Unrealized gain on investments	838,203	120,463
Investment fees	<u>(42,653)</u>	<u>(47,620)</u>
	<u>\$ 1,423,243</u>	<u>\$ 706,637</u>

NOTE 6 – PROPERTY AND EQUIPMENT, NET

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

	<u>2020</u>	<u>2019</u>	Estimated <u>Useful Lives</u>
Land	\$ 126,080	\$ 126,080	
Buildings and improvements	16,780,741	16,503,106	10-40 years
Office equipment, furniture and vehicles	1,813,468	1,771,135	5-20 years
Construction in Progress	127,336	302,460	
	<u>18,847,625</u>	<u>18,702,781</u>	
Less: accumulated depreciation	<u>(13,076,433)</u>	<u>(12,681,521)</u>	
	<u>\$ 5,771,192</u>	<u>\$ 6,021,260</u>	

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 6 – PROPERTY AND EQUIPMENT, NET (Continued)

Depreciation expense amounted to \$573,641 and \$565,682 (including \$3,717 and \$4,022, respectively, on capital leased equipment) for the years ended September 30, 2020 and 2019, respectively. During the years ended September 30, 2020 and 2019, Bideawee disposed of certain fixed assets no longer in use amounting to \$178,729 and \$44,044, respectively, resulting in a loss from disposal of \$2,500 and \$3,428, respectively.

Construction in progress amounted to \$127,336 as of September 30, 2020. The construction in progress is related to air conditioning and steam vault projects in the New York City location and was completed in December 2020.

NOTE 7 – 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. The interest rate on these lease agreements is 7.50%. Minimum future lease payments subsequent to September 30, 2020 are as follows:

2021	\$ 4,200
2022	<u>3,610</u>
Total minimum lease payments	7,810
Less: amounts representing interest	<u>(720)</u>
	<u>\$ 7,090</u>

NOTE 8 – RETIREMENT PLAN

Bideawee maintains a defined contribution retirement plan covering all eligible employees. Under the retirement plan, each employee who is regularly scheduled to perform services for Bideawee, on at least a part-time basis, may participate on the first entry date after six months of service. Participants may contribute up to 5% of their salaries, on a pre-tax basis, which will be matched by Bideawee. Participants can make additional contributions, which cannot exceed the Internal Revenue Service 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 \$154,512 and \$107,594 for the years ended September 30, 2020 and 2019, respectively.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets of \$752,878 and \$697,539 were released from restrictions during the years ended September 30, 2020 and 2019, respectively, by incurring program expenses.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions for specific purposes are restricted by donors for the following purposes as of September 30:

	<u>2020</u>	<u>2019</u>
Purpose restricted:		
Veterinary Medical Assistance Fund	\$ 7,940	\$ 18,532
Adoption Center	27,723	37,273
Joe Garrison Memorial	1,427	1,427
Restricted for future operations	1,000	1,000
Unappropriated endowment earnings	2,022,976	1,304,803
FCI	28,750	-
Wiederhold Hospital	585	93,853
Other	<u>1,137</u>	<u>5,171</u>
	<u>\$ 2,091,538</u>	<u>\$ 1,462,059</u>

Net assets with donor restrictions held to perpetuity consisted of the following as of September 30:

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

	<u>2020</u>	<u>2019</u>
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	299,125	299,125
Vandivert	<u>140,000</u>	<u>140,000</u>
	1,545,269	1,545,269

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>9,422,138</u>	<u>9,179,060</u>
10,967,407	10,724,329

Beneficial interest in perpetual trust	871,184	960,921
Beneficial interest in charitable remainder trusts	<u>56,999</u>	<u>56,999</u>
	<u>\$ 11,895,590</u>	<u>\$ 11,742,249</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 without donor restrictions will be reflected as donor restricted until appropriated.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (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.

Funds functioning as endowments include perpetual care funds. These funds are invested for long-term appreciation and current income. Perpetual care funds are reported as net assets with donor restrictions, and investment earnings on these funds are reported as net assets with donor restrictions for the perpetual care and maintenance of the pet cemetery.

In accordance with U.S. GAAP, organizations are required to disclose any deterioration of the fair value of assets associated with donor restricted funds that fall below the level the donor requires Bideawee to retain in perpetuity. The deficiencies may result from unfavorable market fluctuations that occurred in the economy as a whole that may have affected the donor restricted fund where the fair value of the donor restricted fund fell below the amount that is required to be retained permanently. Any deterioration of the fair value of assets associated with donor-restricted endowment funds that falls below the level the donor requires Bideawee to retain in perpetuity is to be reported in net assets with donor restrictions. As of September 30, 2020 and 2019, 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).

The following table summarizes donor-restricted endowment activities of Bideawee for the year ended September 30, 2020:

	<u>Donor-Restricted Endowment Funds</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment earnings	\$ 147,443	\$ -	\$ 147,443
Appropriation for expenditure	(54,617)	-	(54,617)
Total endowment activity	92,826	-	92,826
Endowment net assets, beginning of year	<u>168,650</u>	<u>1,545,269</u>	<u>1,713,919</u>
Endowment net assets, end of year	<u>\$ 261,476</u>	<u>\$ 1,545,269</u>	<u>\$ 1,806,745</u>

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following table summarizes donor-restricted endowment activities of Bideawee for the year ended September 30, 2019:

	<u>Donor-Restricted Endowment Funds</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment earnings	\$ 61,841	\$ -	\$ 61,841
Contributions	-	40,251	40,251
Appropriation for expenditure	<u>(49,375)</u>	<u>-</u>	<u>(49,375)</u>
Total endowment activity	12,466	40,251	52,717
Endowment net assets, beginning of year	<u>156,184</u>	<u>1,505,018</u>	<u>1,661,202</u>
Endowment net assets, end of year	<u>\$ 168,650</u>	<u>\$ 1,545,269</u>	<u>\$ 1,713,919</u>

The following table summarizes funds functioning as endowment activities of Bideawee for the year ended September 30, 2020:

	<u>Funds Functioning as Endowments</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment earnings	\$ 993,290	\$ -	\$ 993,290
Cemetery maintenance fees received	-	243,079	243,079
Appropriation for expenditure	<u>(367,943)</u>	<u>-</u>	<u>(367,943)</u>
Total endowment activity	625,347	243,079	868,426
Endowment net assets, beginning of year	<u>1,136,153</u>	<u>9,179,060</u>	<u>10,315,213</u>
Endowment net assets, end of year	<u>\$ 1,761,500</u>	<u>\$ 9,422,139</u>	<u>\$ 11,183,639</u>

The following table summarizes funds functioning as endowment activities of Bideawee for the year ended September 30, 2019:

	<u>Funds Functioning as Endowments</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment earnings	\$ 416,607	\$ -	\$ 416,607
Cemetery maintenance fees received	-	223,735	223,735
Appropriation for expenditure	<u>(332,625)</u>	<u>-</u>	<u>(332,625)</u>
Total endowment activity	83,982	223,735	307,717
Endowment net assets, beginning of year	<u>1,052,171</u>	<u>8,955,325</u>	<u>10,007,496</u>
Endowment net assets, end of year	<u>\$ 1,136,153</u>	<u>\$ 9,179,060</u>	<u>\$ 10,315,213</u>

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Endowment net assets are included with investments on the accompanying statements of financial position as of September 30, 2020 and 2019.

NOTE 10 – 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, 2020 and 2019.

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.

Equity securities: Equity securities are valued at quoted market prices determined in an active market.

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, 2020 are presented in the table by fair value hierarchy as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total 2020</u>
Money market funds	\$ 1,189,103	\$ -	\$ 1,189,103
Equity securities	7,027,122	-	7,027,122
Mutual funds	11,014,021	-	11,014,021
Beneficial interest in trusts	<u>-</u>	<u>959,050</u>	<u>959,050</u>
Investments at Fair Value	<u>\$19,230,246</u>	<u>\$ 959,050</u>	<u>\$ 20,189,296</u>

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 10 – FAIR VALUE MEASUREMENT (Continued)

Financial assets measured at fair value on a recurring basis as of September 30, 2019 are presented in the table by fair value hierarchy as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total 2019</u>
Money market funds	\$ 869,493	\$ -	\$ 869,493
Equity securities	9,995,183	-	9,995,183
Mutual funds	6,869,860	-	6,869,860
Beneficial interest in trusts	<u>-</u>	<u>1,017,920</u>	<u>1,017,920</u>
Investments at Fair Value	<u>\$17,734,536</u>	<u>\$ 1,017,920</u>	<u>\$ 18,752,456</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, 2020 and 2019. Bideawee considers the measurement of its beneficial interest in trusts to be a Level 3 measurement within the fair value hierarchy because even though that measurement is based on the unadjusted fair values of the trust assets reported by the trustee, Bideawee will have the ability to direct the trustee to redeem them.

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

Balance - October 1, 2018	\$ 914,793
Total gains or losses recognized in the change in net assets with donor restrictions – change in value of perpetual trusts	<u>103,127</u>
Balance - October 1, 2019	1,017,920
Total gains or losses recognized in the change in net assets with donor restrictions – change in value of perpetual trusts	<u>(89,737)</u>
Balance – September 30, 2020	<u>\$ 928,183</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 11 – CONCENTRATIONS

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, 2020 and 2019, there was approximately \$2,538,493 and \$482,000, respectively, of cash and cash equivalents held by two banks that exceeded FDIC limits. Such excess includes outstanding checks.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Bideawee believes it has no uncertain tax positions as of September 30, 2020 and 2019 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, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)

- 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.
- C. In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic, which continues to spread throughout the United States. Bideawee could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on Bideawee’s mission, programs, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, Bideawee cannot predict the extent to which its financial condition and results of operations will be affected.

NOTE 13 – PAYCHECK PROTECTION PROGRAM

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Stability Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration (SBA) sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven. Bideawee applied for this loan through an SBA authorized lender. The loan, amounting to \$950,000 was approved April 29, 2020 and received on May 5, 2020.

In accounting for the terms of the PPP loan, Bideawee is guided by ASC 470 *Debt*, and ASC 958-605 *Contribution*. Accordingly, Bideawee has accounted for this under ASC 958-605 as a conditional contribution. As of September 30, 2020, Bideawee has met the performance obligations and recorded contribution income of \$950,000 in the accompanying September 30, 2020 statements of activities.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through January 29, 2021 the date of the financial statements were available to be issued.

On November 6, 2020, Bideawee purchased a building intended to be its new Manhattan location in the amount of \$7,680,000. The purchase was financed on a short-term basis with a Goldman Sachs’ Margin Loan for \$6,978,816 with an annual interest rate of 190 basis points. The short-term financing will be replaced by a mortgage from TD Bank facilitated by the Build NYC program. The mortgage will bear a fixed rate of 2.65% for ten years with a twenty-five year amortization. Payments for the first three years will be interest only.

Subsequent to year end, Bideawee has accepted a verbal offer from The Town of Southampton to purchase a vacant land from Bideawee for a price of \$1,500,000. The purchase was made through the Community Preservation Program. If the purchase agreement is executed, the sale is expected to close in spring of 2021.