



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

Years Ended September 30, 2022 and 2021

BIDEAWEE, INC.

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED SEPTEMBER 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Bideawee, Inc.
New York, New York

Opinion

We have audited the financial statements of Bideawee, Inc., (“Bideawee”) which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bideawee as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bideawee and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on 2021 Financial Statements

The financial statements of Bideawee as of and for the year ended September 30, 2021 (Restated) were audited by another auditor whose report dated January 28, 2022 expressed an unmodified opinion on those statements.

Emphasis of Matter

As discussed in Note 16 to the financial statements, Bideawee restated its September 30, 2021 financial statements by restating certain accounts on the statement of financial position. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bideawee’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Mayer Hoffman McCann CPAs
The New York Practice of Mayer Hoffman McCann P.C.
An Independent CPA Firm

685 Third Avenue
New York, NY 10017

Phone: 212.503.8800
mhmcpa.com





Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bideawee's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bideawee's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Mayer Hoffman McCann CPAs

New York, NY
August 4, 2023

BIDEAWEE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2022 AND 2021

	2022	(Restated) 2021
ASSETS		
Cash and cash equivalents (Notes 2B and 11)	\$ 2,290,130	\$ 1,756,048
Bequests, legacies, contributions and other receivables, net (Notes 2C and 4)	430,877	129,854
Inventory (Note 2D)	166,358	145,753
Investments (Notes 2E, 2F, 5 and 10)	14,661,963	20,380,339
Prepaid expenses and other assets	274,942	155,403
Property and equipment, net (Notes 2H and 6)	23,115,967	15,897,746
Beneficial interest in trusts (Notes 2L, 9 and 10)	775,606	805,252
Funds held by Trustee (Notes 13 and 16)	679,639	4,000,313
TOTAL ASSETS	\$ 42,395,482	\$ 43,270,708
LIABILITIES		
Accounts payable, accrued expenses and other liabilities	\$ 951,044	\$ 1,470,133
Annuity payment liability (Note 2M)	42,319	44,383
Deferred revenue (Note 2C)	3,440	-
Capital lease obligations payable (Note 7)	18,330	26,285
Loan payable, net (Note 13)	11,659,756	11,641,412
TOTAL LIABILITIES	12,674,889	13,182,213
COMMITMENTS AND CONTINGENCIES (Notes 7 and 12)		
NET ASSETS (Notes 2I and 9)		
Without Donor Restrictions		
Available for operations	4,476,113	9,339,977
Net investment in property and equipment	11,437,881	4,230,049
Total Without Donor Restrictions	15,913,994	13,570,026
With Donor Restrictions (Note 9)	13,806,599	16,518,469
TOTAL NET ASSETS	29,720,593	30,088,495
TOTAL LIABILITIES AND NET ASSETS	\$ 42,395,482	\$ 43,270,708

BIDEAWEE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	<u>For the Year Ended September 30, 2022</u>			<u>For the Year Ended September 30, 2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>
REVENUES, GAINS AND OTHER SUPPORT:						
Special events revenue	\$ 664,769	\$ -	\$ 664,769	\$ 484,856	\$ -	\$ 484,856
Less: costs of direct benefits to donors	(258,069)	-	(258,069)	(96,605)	-	(96,605)
Special events, net	406,700	-	406,700	388,251	-	388,251
Bequests and legacies (Note 2C)	7,866,834	-	7,866,834	5,046,315	-	5,046,315
Contributions (Note 2C)	2,172,135	1,039,316	3,211,451	2,301,376	356,260	2,657,636
In-kind contributions (Notes 2C and 14)	122,200	-	122,200	61,635	-	61,635
Adoption Centers, Animal Hospitals, Loving Legacy and other fees (Note 2K)	1,175,772	-	1,175,772	1,151,250	-	1,151,250
Cemetery maintenance fees (Notes 2J and 2K)	143,261	254,186	397,447	144,484	268,457	412,941
Miscellaneous income (Note 15)	981,840	-	981,840	62,161	-	62,161
Investment (loss) income, net of investment fees (Notes 5 and 9)	(474,024)	(2,289,400)	(2,763,424)	364,501	2,757,126	3,121,627
Change in value of beneficial interest in trusts (Note 2L)	-	(29,646)	(29,646)	-	(122,931)	(122,931)
Change in value of beneficial interest in split-interest agreements (Note 2M)	(15,932)	-	(15,932)	9,135	-	9,135
Net assets released from restrictions (Note 9)	1,686,326	(1,686,326)	-	727,571	(727,571)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>14,065,112</u>	<u>(2,711,870)</u>	<u>11,353,242</u>	<u>10,256,679</u>	<u>2,531,341</u>	<u>12,788,020</u>
EXPENSES:						
Program Services:						
Adoption Centers	5,080,987	-	5,080,987	4,950,875	-	4,950,875
Animal Hospitals	781,171	-	781,171	779,354	-	779,354
Behavior, learning and volunteers	514,908	-	514,908	507,711	-	507,711
Community Initiatives	606,536	-	606,536	444,435	-	444,435
Memorial Parks	1,190,117	-	1,190,117	1,181,126	-	1,181,126
Loving Legacy	73,838	-	73,838	72,601	-	72,601
Total program services	<u>8,247,557</u>	<u>-</u>	<u>8,247,557</u>	<u>7,936,102</u>	<u>-</u>	<u>7,936,102</u>
Supporting Services:						
Management and general	1,258,049	-	1,258,049	1,353,205	-	1,353,205
Fundraising	2,215,538	-	2,215,538	2,286,353	-	2,286,353
Total supporting services	<u>3,473,587</u>	<u>-</u>	<u>3,473,587</u>	<u>3,639,558</u>	<u>-</u>	<u>3,639,558</u>
TOTAL EXPENSES	<u>11,721,144</u>	<u>-</u>	<u>11,721,144</u>	<u>11,575,660</u>	<u>-</u>	<u>11,575,660</u>
CHANGE IN NET ASSETS	2,343,968	(2,711,870)	(367,902)	(1,318,981)	2,531,341	1,212,360
Net assets - beginning of year	<u>13,570,026</u>	<u>16,518,469</u>	<u>30,088,495</u>	<u>14,889,007</u>	<u>13,987,128</u>	<u>28,876,135</u>
NET ASSETS - END OF YEAR	<u>\$ 15,913,994</u>	<u>\$ 13,806,599</u>	<u>\$ 29,720,593</u>	<u>\$ 13,570,026</u>	<u>\$ 16,518,469</u>	<u>\$ 30,088,495</u>

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

BIDEAWEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(With Comparative Totals for 2021)

	For the Year Ended September 30, 2022											
	Program Services						Supporting Services					
	Adoption Centers	Animal Hospitals	Behavior, Learning and Volunteers	Community Initiatives	Memorial Parks	Loving Legacy	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2022	Total 2021
Salaries	\$ 2,333,889	\$ 432,851	\$ 291,373	\$ 375,023	\$ 595,057	\$ 2,710	\$ 4,030,903	\$ 743,128	\$ 617,493	\$ 1,360,621	\$ 5,391,524	\$ 5,117,867
Payroll taxes and employee benefits (Note 8)	625,373	91,507	72,008	81,073	170,875	612	1,041,448	125,462	124,974	250,436	1,291,884	1,309,824
Total Salaries and Related Costs	2,959,262	524,358	363,381	456,096	765,932	3,322	5,072,351	868,590	742,467	1,611,057	6,683,408	6,427,691
Professional fees (Note 2C)	163,214	21,327	4,035	58,115	8,678	-	255,369	155,113	270,167	425,280	680,649	737,999
Medical supplies	215,938	99,133	-	-	-	-	315,071	-	-	-	315,071	289,814
Pet memorial park supplies	208	-	-	-	109,803	-	110,011	-	-	-	110,011	121,687
Pet supplies (Note 2C)	173,572	997	50	27,014	-	-	201,633	-	-	-	201,633	108,181
Occupancy	326,449	18,771	22,840	21,509	56,160	10,097	455,826	20,773	27,484	48,257	504,083	384,017
Repairs and maintenance (Note 2C)	225,413	20,899	19,520	7,324	115,654	3,535	392,345	14,509	16,144	30,653	422,998	733,456
Non-cap software and hardware	15,473	4,098	4,452	4,372	4,677	47	33,119	5,950	5,242	11,192	44,311	34,353
Insurance	98,196	16,959	16,183	5,015	23,716	9,701	169,770	10,564	13,183	23,747	193,517	197,716
Staff development and dues	7,876	4,875	2,464	1,179	1,124	-	17,518	6,576	20,661	27,237	44,755	38,790
Travel	20,582	1,143	1,087	9,535	16,559	19	48,925	4,056	9,312	13,368	62,293	67,610
Telephone and network management	35,919	8,473	7,563	5,469	9,551	475	67,450	10,609	12,335	22,944	90,394	137,282
Meetings and seminars	6,803	711	3,015	526	635	-	11,690	5,286	7,395	12,681	24,371	10,534
Postage	981	332	129	231	3,043	4	4,720	394	138,448	138,842	143,562	168,444
Miscellaneous	87,805	10,854	1,578	-	18,145	91	118,473	19,302	425	19,727	138,200	155,752
Interest (Note 13)	384,368	-	-	-	-	-	384,368	-	-	-	384,368	242,109
Bank charges	16,304	9,500	53	3	15,820	-	41,680	11,838	41,332	53,170	94,850	87,269
Marketing, newsletter and publications	56,068	4,732	12,829	2,584	6,155	-	82,368	93,473	842,102	935,575	1,017,943	878,290
Catering and entertainment (Note 2C)	-	-	-	-	-	-	-	-	251,917	251,917	251,917	201,862
Bad debt expense	-	-	-	-	-	-	-	1,835	-	1,835	1,835	72,171
Depreciation (Note 6)	286,556	34,009	55,729	7,564	34,465	46,547	464,870	29,181	74,993	104,174	569,044	577,238
Subtotal	5,080,987	781,171	514,908	606,536	1,190,117	73,838	8,247,557	1,258,049	2,473,607	3,731,656	11,979,213	11,672,265
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	-	(258,069)	(258,069)	(258,069)	(96,605)
TOTAL EXPENSES	\$ 5,080,987	\$ 781,171	\$ 514,908	\$ 606,536	\$ 1,190,117	\$ 73,838	\$ 8,247,557	\$ 1,258,049	\$ 2,215,538	\$ 3,473,587	\$ 11,721,144	\$ 11,575,660

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

BIDEAWEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	For the Year Ended September 30, 2021										
	Program Services						Supporting Services				
	Adoption Centers	Animal Hospitals	Behavior, Learning and Volunteers	Community Initiatives	Memorial Parks	Loving Legacy	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2021
Salaries	\$ 2,240,681	\$ 409,057	\$ 267,791	\$ 228,372	\$ 563,949	\$ 2,335	\$ 3,712,185	\$ 720,021	\$ 685,661	\$ 1,405,682	\$ 5,117,867
Payroll taxes and employee benefits (Note 8)	647,707	99,978	69,362	46,286	171,642	577	1,035,552	139,155	135,117	274,272	1,309,824
Total Salaries and Related Costs	2,888,388	509,035	337,153	274,658	735,591	2,912	4,747,737	859,176	820,778	1,679,954	6,427,691
Professional fees (Note 2C)	173,427	19,571	5,160	93,218	10,297	243	301,916	205,325	230,758	436,083	737,999
Medical supplies	189,895	99,836	-	83	-	-	289,814	-	-	-	289,814
Pet memorial park supplies	-	-	-	-	121,687	-	121,687	-	-	-	121,687
Pet supplies (Note 2C)	106,444	846	69	-	-	-	107,359	-	822	822	108,181
Occupancy	226,767	14,519	18,237	26,189	44,730	6,408	336,850	22,242	24,925	47,167	384,017
Repairs and maintenance (Note 2C)	420,611	26,651	46,244	22,623	125,322	5,252	646,703	38,919	47,834	86,753	733,456
Non-cap software and hardware	12,742	2,693	3,964	2,086	4,991	36	26,512	5,569	2,272	7,841	34,353
Insurance	99,229	16,319	15,845	2,518	22,402	9,139	165,452	16,134	16,130	32,264	197,716
Staff development and dues	4,737	4,880	899	181	2,723	-	13,420	7,576	17,794	25,370	38,790
Travel	25,359	3,863	935	6,450	18,678	14	55,299	4,398	7,913	12,311	67,610
Telephone and network management	44,486	24,541	11,013	8,801	11,869	442	101,152	16,650	19,480	36,130	137,282
Meetings and seminars	3,673	427	400	196	238	-	4,934	3,203	2,397	5,600	10,534
Postage	1,202	555	177	3,480	1,395	3	6,812	855	160,777	161,632	168,444
Miscellaneous	105,559	10,440	2,347	667	17,485	34	136,532	3,067	16,153	19,220	155,752
Interest (Note 13)	242,109	-	-	-	-	-	242,109	-	-	-	242,109
Bank charges	17,193	11,416	509	189	14,003	-	43,310	4,941	39,018	43,959	87,269
Marketing, newsletter and publications	92,193	2,006	8,746	-	13,633	1,200	117,778	60,773	699,739	760,512	878,290
Catering and entertainment (Note 2C)	-	-	-	-	-	-	-	-	201,862	201,862	201,862
Bad debt expense	-	-	-	-	-	-	-	72,171	-	72,171	72,171
Depreciation (Note 6)	296,861	31,756	56,013	3,096	36,082	46,918	470,726	32,206	74,306	106,512	577,238
Subtotal	4,950,875	779,354	507,711	444,435	1,181,126	72,601	7,936,102	1,353,205	2,382,958	3,736,163	11,672,265
Less: Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	-	(96,605)	(96,605)	(96,605)
TOTAL EXPENSES	\$ 4,950,875	\$ 779,354	\$ 507,711	\$ 444,435	\$ 1,181,126	\$ 72,601	\$ 7,936,102	\$ 1,353,205	\$ 2,286,353	\$ 3,639,558	\$ 11,575,660

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

BIDEAWEE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>(Restated)</u> <u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (367,902)	\$ 1,212,360
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	569,044	577,238
Bad debt expense	1,835	72,171
Restricted cemetery maintenance fees held to perpetuity	(254,186)	(268,457)
Restricted contributions held to perpetuity	-	(2,830)
Loss on disposal of property and equipment	2,699	-
Non-cash interest expense	18,344	-
Change in value of beneficial interest in trusts	29,646	122,931
Change in value of split-interest agreements	15,932	(9,135)
Unrealized loss (gain) on investments	3,580,027	(2,167,594)
Realized (gain) on investments	<u>(491,510)</u>	<u>(306,869)</u>
Subtotal	3,103,929	(770,185)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Bequests, legacies, contributions and other receivables	(302,858)	101,954
Inventory	(20,605)	(2,595)
Prepaid expenses and other assets	(119,539)	32,466
Increase (decrease) in liabilities:		
Accounts payable, accrued expenses and other liabilities	(519,089)	784,160
Annuity payment liability	(2,064)	(2,076)
Deferred revenue	<u>3,440</u>	<u>(100,000)</u>
Net Cash Provided by (Used in) Operating Activities	<u>2,143,214</u>	<u>43,724</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(9,072,284)	(7,533,569)
Proceeds from investment sales	11,686,211	8,867,074
Purchases of property and equipment	<u>(7,789,964)</u>	<u>(10,679,647)</u>
Net Cash Used in Investing Activities	<u>(5,176,037)</u>	<u>(9,346,142)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cemetery maintenance fees held to perpetuity	254,186	268,457
Contributions held to perpetuity	-	2,830
Principal repayments on capital lease obligations payable	(7,955)	(4,950)
Loan proceeds withdrawn from funds held by Trustee	3,320,674	14,619,915
Principal repayments on loan payable	<u>-</u>	<u>(6,978,816)</u>
Net Cash Provided by Financing Activities	<u>3,566,905</u>	<u>7,907,436</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	534,082	(1,394,982)
Cash and cash equivalents - beginning of year	<u>1,756,048</u>	<u>3,151,030</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,290,130</u>	<u>\$ 1,756,048</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 366,024</u>	<u>\$ 242,109</u>
Supplemental Disclosure of Non-cash Investing and Financing Activities:		
Funds held by Trustee	<u>\$ 679,639</u>	<u>\$ 4,000,313</u>
Assets acquired through capital lease	<u>-</u>	<u>24,145</u>

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

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

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.

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, 2022 and 2021, Bideawee had no conditional grants and contracts from foundations that have not been recorded in the accompanying financial statements.

As of September 30, 2022 and 2021, Bideawee determined that an allowance for uncollectible accounts of \$260,855 and \$330,532 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.

During the years ended September 30, 2022 and 2021, Bideawee received \$122,200 and \$61,635, 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 (See Note 14). Bideawee receives donated services from a variety of unpaid volunteers assisting Bideawee in its charitable programs. No amounts have been recognized for these services in the accompanying statements of activities because the criteria for recognition of such volunteer efforts have not been satisfied.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- D. **Inventory** – Inventory consists of food, prescription drugs and other pet supplies. Inventory is valued at the lower of cost or net realizable value.
- E. **Investments** – Investments are reported at fair value. Investment income, including realized and unrealized gains and losses, is classified as an increase (decrease) 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 Cemetery 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 Accounting Standards Update (“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, 2022 AND 2021

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, 2022. 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:

	2022	2021
Memorial Parks	\$ 770,327	\$ 747,728
Animal Hospitals	332,739	396,081
Adoption Centers	466,285	416,769
Learning Centers	3,868	3,613
	\$ 1,573,219	\$ 1,564,191

- 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) gain of (\$15,932) and \$9,135 for the years ended September 30, 2022 and 2021, 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, 2022 AND 2021

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 amounts 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. **Reclassifications** – Certain line items in the 2021 financial statements have been reclassified to conform to 2022 presentation. Such reclassifications did not have an impact on net assets.
- Q. **Recent Accounting Pronouncements** – On September 17, 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2020-07 that increases transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit (“NFP”) organizations—including transparency on how those assets are used and how they are valued. Bideawee adopted ASU 2020-07 during the year ended September 30, 2022 and the adoption had no impact on the change in net assets for the year ended September 30, 2021.

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, 2022 and 2021, 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:

	2022	2021
Cash and cash equivalents	\$ 2,290,130	\$ 1,756,048
Bequests, legacies, contributions and other receivables, net	430,877	129,854
Investments	14,661,963	20,380,339
Total	17,382,970	22,266,241
Less: Investments held for endowments	(11,490,051)	(11,235,865)
Total	\$ 5,892,919	\$ 11,030,376

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, 2022 AND 2021

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

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

	<u>2022</u>	<u>2021</u>
Amount due in less than one year:		
Bequests, legacies and contributions	\$ 417,347	\$ 119,136
Other receivables	<u>274,385</u>	<u>341,250</u>
	691,732	460,386
Less: allowance for uncollectible amounts	<u>(260,855)</u>	<u>(330,532)</u>
	<u>\$ 430,877</u>	<u>\$ 129,854</u>

NOTE 5 - INVESTMENTS

Investments consist of the following as of September 30:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 261,199	\$ 437,658
Equity securities	4,848,100	7,106,325
Mutual funds	<u>9,552,664</u>	<u>12,836,356</u>
	<u>\$ 14,661,963</u>	<u>\$ 20,380,339</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 (loss) income consists of the following for the years ended September 30:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 385,906	\$ 704,190
Realized gain on investments	491,510	306,869
Unrealized (loss) gain on investments	(3,580,027)	2,167,594
Investment fees	<u>(60,813)</u>	<u>(57,026)</u>
	<u>\$ (2,763,424)</u>	<u>\$ 3,121,627</u>

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 6 – PROPERTY AND EQUIPMENT, NET

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

	2022	2021	Estimated Useful Lives
Land	\$ 126,080	\$ 126,080	
Buildings and improvements	17,018,975	16,811,561	10-40 years
Office equipment, furniture and vehicles	1,865,376	1,810,782	5-20 years
Construction in progress	18,213,323	10,711,870	
	37,223,754	29,460,293	
Less: accumulated depreciation	(14,107,787)	(13,562,547)	
	\$ 23,115,967	\$ 15,897,746	

Depreciation expense amounted to \$569,044 and \$577,238 (including \$8,023 and \$6,534, respectively, on capital leased equipment) for the years ended September 30, 2022 and 2021, respectively. During the years ended September 30, 2022 and 2021, Bideawee disposed of certain fixed assets no longer in use amounting to \$26,503 and \$91,124, and accumulated depreciation amounting to \$23,804 and \$91,124, respectively. This resulted in a loss from disposal of \$2,699 and \$0 for the years ended September 30, 2022 and 2021, respectively.

Construction in progress amounted to \$18,213,323 as of September 30, 2022 and includes the purchase price of a new Manhattan facility at 152 W 24th Street for \$7,680,000. Estimated cost of renovation amounts to \$12.1 million with remaining \$1 million cost to complete as of September 30, 2022. The facility was put into use subsequent to the fiscal year end on August 1, 2023. Bideawee's current Manhattan facility at 410 E 38th Street is being marketed for sale.

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, 2022 are as follows:

2023	\$	5,691
2024		5,691
2025		5,691
2026		3,794
Total minimum lease payments		20,867
Less: amounts representing interest		2,537
		\$ 18,330

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 \$153,582 and \$147,416 for the years ended September 30, 2022 and 2021, respectively.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets of \$1,686,326 and \$727,571 were released from restrictions during the years ended September 30, 2022 and 2021, respectively, by incurring program expenses.

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

	<u>2022</u>	<u>2021</u>
Purpose restricted:		
Veterinary Medical Assistance Fund	\$ 2,368	\$ 2,769
Adoption Center	26,660	20,944
Joe Garrison Memorial	1,276	1,276
Restricted for future operations	1,000	1,000
Unappropriated endowment earnings	1,343,011	4,283,811
FCI	60,000	10,000
Wiederhold Hospital	585	585
Capital campaign for capital improvements	-	150,000
Other	<u>106,042</u>	<u>6,967</u>
	<u>\$ 1,540,942</u>	<u>\$ 4,477,352</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>2022</u>	<u>2021</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>9,944,782</u>	<u>9,690,596</u>
	11,490,051	11,235,865
Beneficial interest in perpetual trust	774,569	804,215
Beneficial interest in charitable remainder trusts	<u>1,037</u>	<u>1,037</u>
	<u>\$ 12,265,657</u>	<u>\$ 12,041,117</u>

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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% 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’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, 2022 and 2021, 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, 2022:

	<u>Donor-Restricted Endowment Funds</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment loss	\$ (295,912)	\$ -	\$ (295,912)
Appropriation for expenditure	<u>(84,915)</u>	<u>-</u>	<u>(84,915)</u>
Total endowment activity	(380,107)	-	(380,107)
Endowment net assets, beginning of year	<u>553,696</u>	<u>1,545,269</u>	<u>2,098,965</u>
Endowment net assets, end of year	<u>\$ 173,589</u>	<u>\$ 1,545,269</u>	<u>\$ 1,718,858</u>

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following table summarizes donor-restricted endowment activities of Bideawee for the year ended September 30, 2021:

	<u>Donor-Restricted Endowment Funds</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment earnings	\$ 356,367	\$ -	\$ 356,367
Appropriation for expenditure	(64,147)	-	(64,147)
Total endowment activity	292,220	-	292,220
Endowment net assets, beginning of year	261,476	1,545,269	1,806,745
Endowment net assets, end of year	<u>\$ 553,696</u>	<u>\$ 1,545,269</u>	<u>\$ 2,098,965</u>

The following table summarizes funds functioning as endowment activities of Bideawee for the year ended September 30, 2022:

	<u>Funds Functioning as Endowments</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment loss	\$ (1,993,488)	\$ -	\$ (1,993,488)
Cemetery maintenance fees received	-	254,186	254,186
Appropriation for expenditure	(567,205)	-	(567,205)
Total endowment activity	(2,560,693)	254,186	(2,306,507)
Endowment net assets, beginning of year	3,730,115	9,690,596	13,420,711
Endowment net assets, end of year	<u>\$ 1,169,422</u>	<u>\$ 9,944,782</u>	<u>\$10,926,739</u>

The following table summarizes funds functioning as endowment activities of Bideawee for the year ended September 30, 2021:

	<u>Funds Functioning as Endowments</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment earnings	\$ 2,400,759	\$ -	\$ 2,400,759
Cemetery maintenance fees received	-	268,457	268,457
Appropriation for expenditure	(432,144)	-	(432,144)
Total endowment activity	1,968,615	268,457	2,237,072
Endowment net assets, beginning of year	1,761,500	9,422,139	11,183,639
Endowment net assets, end of year	<u>\$ 3,730,115</u>	<u>\$ 9,690,596</u>	<u>\$ 13,420,711</u>

Endowment net assets are included with investments on the accompanying statements of financial position as of September 30, 2022 and 2021.

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 10 – FAIR VALUE MEASUREMENTS

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, 2022 and 2021.

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, 2022 are presented in the table by fair value hierarchy as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 261,199	\$ -	\$ 261,199
Mutual funds	14,400,764	-	14,400,764
Beneficial interest in trusts	<u>-</u>	<u>775,606</u>	<u>775,606</u>
Investments at Fair Value	<u>\$14,661,963</u>	<u>\$ 775,606</u>	<u>\$ 15,437,569</u>

BIDEAWEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 10 – FAIR VALUE MEASUREMENT (Continued)

Financial assets measured at fair value on a recurring basis as of September 30, 2021 are presented in the table by fair value hierarchy as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 437,658	\$ -	\$ 437,658
Equity securities	7,106,325	-	7,106,325
Mutual funds	12,836,356	-	12,836,356
Beneficial interest in trusts	<u>-</u>	<u>805,252</u>	<u>805,252</u>
Investments at Fair Value	<u>\$20,380,339</u>	<u>\$ 805,252</u>	<u>\$ 21,185,591</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, 2022 and 2021. 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, 2020	\$ 928,183
Total gains or losses recognized in the change in net assets with donor restrictions – change in value of perpetual trusts	<u>(122,931)</u>
Balance - October 1, 2021	805,252
Total gains or losses recognized in the change in net assets with donor restrictions – change in value of perpetual trusts	<u>(29,646)</u>
Balance – September 30, 2022	<u>\$ 775,606</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, per insured institution. As of September 30, 2022 and 2021, there was approximately \$1,601,000 and \$971,000, 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, 2022 and 2021 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, 2022 AND 2021

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.

NOTE 13 – LOAN PAYABLE, NET

On November 6, 2020, Bideawee purchased a building in the amount of \$7,680,000 (Note 6) intended to be its new Manhattan location. 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 loan was repaid during the year ended September 30, 2021.

On March 1, 2021, Bideawee entered into a building loan agreement with the Build NYC Resource Corporation and TD Bank for the purchase and renovation of Bideawee's new Manhattan facility, located at 152 W 24th Street. The loan was through issuance of \$12,100,000 of tax-exempt revenue bonds series 2021 by the Build NYC Resource Corporation. TD Bank is the registered holder for 100% of the outstanding bond. The Bond's stated maturity date is February 1, 2046 and bears interest of 2.98%. The loan is then provided to Bideawee by TD Bank for 10 years and bears interest of 2.98%. The loan is being amortized over 25 years. There is no prepayment penalty. The entire loan proceeds were disbursed to and held by The Bank of New York Mellon, as Trustee. Bideawee draws down the loan proceeds as constructions expense are incurred and approved by the TD Bank for disbursement. The loan is secured by the property located at 410 East 38th Street, New York and 152 West 24th Street, New York. Bideawee is subject to Debt Service Coverage Ratio. As of September 30, 2022 and 2021, Bideawee was in compliance with all compliance and reporting covenants.

As of September 30, 2022 and 2021, Bideawee has drawn down \$11,420,361 and \$8,099,687, respectively, from TD Bank. The remaining available balance of \$679,639 and \$4,000,313 as of September 30, 2022 and 2021, respectively, were held by the Trustee and will be released to Bideawee as construction expenses are incurred. There was \$12,057,894 drawn down from the loan as of August 4, 2023.

Net loan payable consists of the following as of September 30:

	<u>2022</u>	(Restated) <u>2021</u>
Loan payable	\$ 12,100,000	\$ 12,100,000
Unamortized debt issuance costs	<u>(440,244)</u>	<u>(458,588)</u>
Loan payable, net	<u>\$ 11,659,756</u>	<u>\$ 11,641,412</u>

The required principal payments by Bideawee on the above obligations, in each of the five fiscal years subsequent to September 30, 2022 and thereafter, are as follows:

2023	\$ -
2024	172,299
2025	299,451
2026	308,625
2027	318,080
Thereafter	<u>11,001,545</u>
	<u>\$ 12,100,000</u>

Interest expense, including amortization of debt issuance costs, amounted to \$384,368 and \$242,109 for the years ended September 30, 2022 and 2021, respectively.

BIDEAWEE, INC.
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NOTE 14 – IN-KIND CONTRIBUTIONS

For the years ended September 30, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included the following:

	<u>2022</u>	<u>2021</u>
Dog food	\$ 65,531	\$ 38,813
Cat food	<u>56,669</u>	<u>22,822</u>
	<u>\$ 122,200</u>	<u>\$ 61,635</u>

Contributed dog and cat food were utilized for Bideawee’s Adoption Center and Animal Hospital. In valuing food, Bideawee estimated the fair value based on an estimate of the wholesale that would be received for selling the similar product in the United States.

NOTE 15 – SALE REVENUE

In September 2021, Bideawee entered into a contract with the Beachwood Organization for the sale of Bideawee’s Pine Barren Credits for \$935,000. The Pine Barren Credits are not a sale of real property owned by Bideawee. These credits were issued to Bideawee by the Pine Barrens Commission pursuant to the Long Island Pine Barrens Protection Act and the Central Pine Barrens Comprehensive Land Use for Bideawee’s land located in Westhampton, NY. The sale was closed on November 5, 2021. Bideawee recognized \$935,000 of sale revenue during the year ended September 30, 2022, which is included in miscellaneous income in the accompanying statement of activities.

NOTE 16 – PRIOR PERIOD ADJUSTMENT

During the year ended September 30, 2022, Bideawee determined that the funds held by Bank of New York Mellon, as Trustee, should be reported as assets of Bideawee (Note 13).

Accordingly, Bideawee restated its September 30, 2021 financial statements by recording funds held by Trustee and increasing loan payable by \$4,000,313. The result of the restatement on the accompanying 2021 financial statements was as follows:

Statement of Financial Position as of September 30, 2021:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>Restated</u>
Assets:			
Funds held by Trustee	\$ -	\$ 4,000,313	\$ 4,000,313
Total Assets	<u>39,270,395</u>	<u>4,000,313</u>	<u>43,270,708</u>
Liabilities:			
Loan payable, net	7,641,099	4,000,313	11,641,412
Total Liabilities	<u>9,181,900</u>	<u>4,000,313</u>	<u>13,182,213</u>
Total Liabilities and Net Assets	<u>\$ 39,270,395</u>	<u>\$ 4,000,313</u>	<u>\$ 43,270,708</u>

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NOTES TO FINANCIAL STATEMENTS
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NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through August 4, 2023 the date the financial statements were available to be issued.

Signature Bank was closed on March 12, 2023 by the New York State Department of Financial Services and the Federal Deposit Insurance Corporation (“FDIC”) was named Receiver. At the time of closing, Bideawee maintained less than \$250,000 of cash with Signature Bank that was insured by the FDIC.

On March 12, 2023, the U.S. Treasury, Federal Reserve, and FDIC announced that Signature Bank depositors will have access to all of their money starting March 13, 2023. Bideawee currently has access to their accounts. Bideawee does not believe it will be impacted by the closure of Signature Bank and will continue to monitor the situation as it evolves.